

Introduced by Senator TorresFebruary 20, 2014

An act to amend Sections 22109.5, 22119.5, 22119.3, 22121, 22131, 22134, 22134.5, 22135, 22136, 22516, 22655, 22662, 22663, 22664, 22801, 22826, 22828, 22905, 23104, 24001, 24101, 24105, 24107, 24201.5, 24203.5, 24203.6, 24204, 24205, 24210, 24211, 24212, 24213, 24214.5, 24300, 24300.1, 24307, 24309, 24402, 24412, 24415, 24600, 25015, 26113, 26803, 27201, and 33050 of, to amend and renumber Sections 22106.2, 24300.2, 24300.5, 24300.6, 24301, 24302, 24303, 24304, 24305, 24305.5, 24306, 24306.5, 24306.7, 24308, 24311, 24312, 24312.1, and 24313 of, to amend, renumber, and add Section 22106.1 of, to amend and repeal Section 22119.5 of, to amend, renumber, and repeal Section 24305.3 of, and to add Section 24348 to, the Education Code, and to amend Section 1 of Chapter 559 of the Statutes of 2013, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 1220, as introduced, Torres. State teachers' retirement.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is administered by the Teachers' Retirement Board. Existing law establishes the Supplemental Benefit Maintenance Account, among other provisions, for the purpose of restoring the purchasing power of allowances. Existing law establishes the Defined Benefit Supplement Program to provide additional benefits to members of the Defined Benefit Program. Existing law establishes the Cash Balance Benefit

Program, administered by the Teachers' Retirement Board, as a separate benefit program within the State Teachers' Retirement Plan in order to provide a retirement plan for persons employed to perform creditable service for less than 50% of full-time service. Existing law permits a member of STRS to purchase service credit in certain instances and permits a person who has withdrawn membership in STRS to become a member again upon redeposit of contributions plus interest, as specified. Existing law permits a member of STRS to select among various options for the payment of benefits after the retired member dies, provides certain presumptions in this regard, and permits a member to revise a beneficiary designation pursuant to specific requirements and limitations. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other things, sets limits on the amount of compensation that may be used to calculate benefits.

This bill would amend the Teachers' Retirement Law to provide a definition of base allowance for the purpose of determining specified supplemental benefits and revise the definition of a break in service to account for certain times not recognized as part of the school year. The bill would revise the definition of credited service to account for members whose contributions have been reduced because of PEPRA and would revise the definition of final compensation to account for the calculation of service based on months rather than years. The bill would make conforming changes in how member contributions are credited to reflect reductions applied when payments are determined to have been paid to enhance a member's benefits. The bill would make various technical changes regarding disability allowances, disability retirements, and service retirements following disability retirements. The bill would revise and reorganize provisions relating a member's right to elect among various options to provide an actuarially modified retirement allowance payable during the life of the member and the member's chosen beneficiary or beneficiaries, particularly with regard to the election of a new beneficiary after the member's retirement when the previous beneficiary has predeceased the member. The bill would grant a member who had retired and elected a specified option and designated his or her same-sex spouse as the option beneficiary the right to elect to change his or her option subject to specified requirements. The bill would make numerous technical and conforming changes.

Existing law permits a governing board of a school district or a county board of education to request the State Board of Education waive provisions of the Education Code, but excepts from that authorization specified provisions, including provisions of the Teachers' Retirement Law relating to STRS.

This bill would also except from this authorization provisions of the Teachers' Retirement Law relating to the health care benefits program and the cash benefit program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22106.1 of the Education Code is
2 amended and renumbered to read:
3 ~~22106.1.~~
4 22106.2. "Base days" means the number of days of creditable
5 service required to earn one year of service credit.
6 SEC. 2. Section 22106.1 is added to the Education Code, to
7 read:
8 22106.1. For the purposes of determining supplemental benefits
9 pursuant to Sections 24412 and 24415, "base allowance" means
10 a member's monthly allowance under the Defined Benefit Program
11 prior to all allowance increases by this part and after modification
12 for an option, if applicable.
13 SEC. 3. Section 22106.2 of the Education Code is amended
14 and renumbered to read:
15 ~~22106.2.~~
16 22106.3. "Base hours" means the number of hours of creditable
17 service required to earn one year of service credit.
18 SEC. 4. Section 22109.5 of the Education Code is amended to
19 read:
20 22109.5. "Break in service," for purposes of determining a
21 member's final compensation, means:
22 (a) With respect to service of a member employed as a full-time
23 employee and service performed by a member employed as a
24 part-time employee, any period of time covering a pay period
25 during which a member is on an unpaid leave of absence or a pay
26 period in which a member has not performed any creditable service.

1 (b) For a member who has been employed in a substitute
2 position:

3 (1) And has a change in assignment during a school year to a
4 full-time or part-time position, a break in service is determined on
5 the same basis as for the full-time or part-time employment during
6 the same school year.

7 (2) For less than 50 percent of their teaching career for which
8 service is credited, a break in service is determined on the same
9 basis as full-time employment.

10 (3) For more than 50 percent of their teaching career for which
11 service is credited, a break in service is any period of time within
12 a school year for which compensation is not paid and service is
13 not credited.

14 (c) If a member commenced performing service at the beginning
15 of a school term, ~~July and August~~ *the months not recognized as*
16 *part of the school-year term* are not a break in service; however,
17 if the member commenced performing service after the school
18 term ~~begins~~ *began, or did not complete the school term*, the
19 ~~previous July and August~~ *months not recognized as part of the*
20 *school term* are a break in service. *The school term shall be no*
21 *less than the days or hours specified as full time in Section 22138.5.*

22 (d) Earnable salaries for a full pay period, but not beyond the
23 effective date of retirement, shall be used in determining final
24 compensation when the member performed service within that pay
25 period.

26 SEC. 5. Section 22119.3 of the Education Code is amended to
27 read:

28 22119.3. (a) "Creditable compensation" for members who are
29 subject to the California Public Employees' Pension Reform Act
30 of 2013 means remuneration that is paid each pay period in which
31 creditable service is performed for that position. Creditable
32 compensation shall be paid in cash by an employer to all persons
33 in the same class of employees in accordance with a publicly
34 available written contractual agreement, including, but not limited
35 to, a salary schedule or employment agreement. Creditable
36 compensation shall include:

37 (1) Remuneration that is paid for the use of sick leave, vacation,
38 and other employer-approved leave, except as provided in
39 paragraph (4) of subdivision (b).

1 (2) Member contributions that are picked up by an employer
2 pursuant to Section 22903 or 22904.

3 (3) Amounts that are deducted from a member's remuneration,
4 including, but not limited to, deductions for participation in a
5 deferred compensation plan; deductions to purchase an annuity
6 contract, tax-deferred retirement plan, or insurance program; and
7 contributions to a plan that meets the requirements of Section 125,
8 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United
9 States Code.

10 (4) Notwithstanding paragraphs (6) and (8) of subdivision (c)
11 of Section 7522.34 of the Government Code, remuneration that is
12 paid for creditable service that exceeds one year in a school year.

13 (b) "Creditable compensation" does not mean and shall not
14 include:

15 (1) Remuneration that is not paid in cash or is not paid to all
16 persons who are in the same class of employees.

17 (2) Remuneration that is paid for service that is not creditable
18 service pursuant to Section 22119.5.

19 (3) Remuneration that is not paid each pay period in which
20 creditable service is performed for that position.

21 (4) Remuneration that is paid in exchange for the relinquishment
22 of unused accumulated leave.

23 (5) Payments, including, but not limited to, those for
24 participation in a deferred compensation plan; to purchase an
25 annuity contract, tax-deferred retirement plan, or insurance
26 program; and for contributions to a plan that meets the requirements
27 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title
28 26 of the United States Code when the cost is covered by an
29 employer.

30 (6) Fringe benefits provided by an employer.

31 (7) Expenses paid or reimbursed by an employer.

32 (8) Severance pay, including lump-sum and installment
33 payments, or money paid in excess of salary or wages to a member
34 as compensatory damages or as a compromise settlement.

35 (9) Creditable compensation determined by the system to have
36 been paid to enhance a member's benefit.

37 (10) Compensation paid to the member in lieu of benefits
38 provided to the member by the employer or paid directly by the
39 employer to a third party other than the system for the benefit of
40 the member.

1 (11) Any one-time or ad hoc payments made to a member.

2 (12) Any employer-provided allowance, reimbursement, or
3 payment, including, but not limited to, one made for housing,
4 vehicle, or uniform.

5 (13) Any bonus paid in addition to compensation described in
6 subdivision (a).

7 (14) Any other payments the board determines not to be
8 “creditable compensation.”

9 (c) (1) Except for purposes of calculating credited service in
10 the Defined Benefit Program and for reporting compensation
11 earnable on or after January 1, 2013, creditable compensation in
12 any fiscal year shall not exceed:

13 (A) One hundred twenty percent of the “contribution and benefit
14 base,” as determined under Section 430(b) of the Social Security
15 Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member
16 whose service is not included in the federal system.

17 (B) One hundred percent of the “contribution and benefit base,”
18 as determined under Section 430(b) of the Social Security Act (42
19 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose
20 service is included in the federal system pursuant to any changes
21 in state or federal law enacted on or after January 1, 2013.

22 (2) The system shall adjust the limit in paragraph (1) based on
23 the annual changes to the Consumer Price Index for All Urban
24 Consumers: *U.S. City Average*, calculated by dividing the
25 Consumer Price Index for All Urban Consumers: *U.S. City Average*
26 for the month of February in the fiscal year preceding the
27 adjustment by the Consumer Price Index for All Urban Consumers:
28 *U.S. City Average* for the month of February of the previous year
29 rounded to the nearest thousandth. Notwithstanding paragraph (1)
30 of subdivision (d) of Section 7522.10 of the Government Code,
31 the adjustment shall be effective annually on July 1, beginning
32 July 1, 2014.

33 (3) The Legislature reserves the right to modify the requirements
34 of this subdivision with regard to all members subject to this
35 subdivision, except that the Legislature may not modify these
36 provisions in a manner that would result in a decrease in benefits
37 accrued prior to the effective date of the modification.

38 (4) This subdivision shall apply to compensation paid during
39 the 2013–14 fiscal year and each fiscal year thereafter.

1 (d) An employer or individual who knowingly or willfully
2 reports compensation in a manner inconsistent with subdivision
3 (a) or (b) may be subject to prosecution for fraud, theft, or
4 embezzlement in accordance with the Penal Code. The system
5 may establish procedures to ensure that compensation reported by
6 an employer is in compliance with this section.

7 (e) For purposes of this section, remuneration shall be considered
8 paid if distributed to any person in the same class of employees
9 who meets the qualifications or requirements specified in a publicly
10 available written contractual agreement, including, but not limited
11 to, a collective bargaining agreement or an employment agreement,
12 as a condition of receiving the remuneration.

13 (f) This definition of “creditable compensation” reflects sound
14 principles that support the integrity of the retirement fund. Those
15 principles include, but are not limited to, consistent treatment of
16 compensation throughout a member’s career, consistent treatment
17 of compensation among an entire class of employees, consistent
18 treatment of compensation for the position, preventing adverse
19 selection, and excluding from creditable compensation
20 remuneration that is paid to enhance a member’s benefits. The
21 system shall determine the appropriate crediting of contributions
22 according to these principles, to the extent not otherwise specified
23 pursuant to this part. A presumption by the system that creditable
24 compensation was paid to enhance the member’s benefits may be
25 rebutted by the member or by the employer on behalf of the
26 member. Upon receipt of sufficient evidence to the contrary, a
27 presumption by the system that creditable compensation was paid
28 to enhance the member’s benefits may be reversed.

29 SEC. 6. Section 22119.5 of the Education Code, as amended
30 by Section 1 of Chapter 375 of the Statutes of 2002, is amended
31 to read:

32 22119.5. (a) “Creditable service” means any of the following
33 activities performed for an employer in a position requiring a
34 credential, certificate, or permit pursuant to this code, or under the
35 appropriate minimum standards adopted by the Board of Governors
36 of the California Community Colleges, or under the provisions of
37 an approved charter for the operation of a charter school for which
38 the ~~employer~~ *charter school* is eligible to receive state
39 apportionment, or pursuant to a contract between a community

1 college district and the United States Department of Defense to
2 provide vocational training:

3 (1) The work of teachers, instructors, district interns, and
4 academic employees employed in the instructional program for
5 pupils, including special programs such as adult education, regional
6 occupation programs, child care centers, and prekindergarten
7 programs pursuant to Section 22161.

8 (2) Education or vocational counseling, guidance, and placement
9 services.

10 (3) The work of directors, coordinators, and assistant
11 administrators who plan courses of study to be used in California
12 public schools, or research connected with the evaluation or
13 efficiency of the instructional program.

14 (4) The selection, collection, preparation, classification,
15 demonstration, or evaluation of instructional materials of any
16 course of study for use in the development of the instructional
17 program in California public schools, or other services related to
18 school curriculum.

19 (5) The examination, selection, in-service training, or assignment
20 of teachers, principals or other similar personnel involved in the
21 instructional program.

22 (6) School activities related to, and an outgrowth of, the
23 instructional and guidance program of the school when performed
24 in addition to other activities described in this section.

25 (7) The work of nurses, physicians, speech therapists,
26 psychologists, audiometrists, audiologists, and other school health
27 professionals.

28 (8) Services as a school librarian.

29 (9) The work of employees who are responsible for the
30 supervision of persons or administration of the duties described
31 in this section.

32 (b) “Creditable service” also means the work of superintendents
33 of California public schools.

34 (c) The board shall have final authority for determining
35 creditable service to cover any activities not already specified.

36 SEC. 7. Section 22119.5 of the Education Code, as added by
37 Section 1 of Chapter 394 of the Statutes of 1995, is repealed.

38 ~~22119.5. (a) “Creditable service” means any of the following~~
39 ~~activities performed for an employer in a position requiring a~~
40 ~~credential, certificate, or permit pursuant to this code or under the~~

1 appropriate minimum standards adopted by the Board of Governors
2 of the California Community Colleges or under the provisions of
3 an approved charter for the operation of a charter school for which
4 the employer is eligible to receive state apportionment:

5 (1) ~~The work of teachers, instructors, district interns, and~~
6 ~~academic employees employed in the instructional program for~~
7 ~~pupils, including special programs such as adult education, regional~~
8 ~~occupation programs, child care centers, and prekindergarten~~
9 ~~programs pursuant to Section 22161.~~

10 (2) ~~Education or vocational counseling, guidance, and placement~~
11 ~~services.~~

12 (3) ~~The work of directors, coordinators, and assistant~~
13 ~~administrators who plan courses of study to be used in California~~
14 ~~public schools, or research connected with the evaluation or~~
15 ~~efficiency of the instructional program.~~

16 (4) ~~The selection, collection, preparation, classification,~~
17 ~~demonstration, or evaluation of instructional materials of any~~
18 ~~course of study for use in the development of the instructional~~
19 ~~program in California public schools, or other services related to~~
20 ~~school curriculum.~~

21 (5) ~~The examination, selection, in-service training, or assignment~~
22 ~~of teachers, principals, or other similar personnel involved in the~~
23 ~~instructional program.~~

24 (6) ~~School activities related to, and an outgrowth of, the~~
25 ~~instructional and guidance program of the school when performed~~
26 ~~in addition to other activities described in this section within the~~
27 ~~hours considered normal on a full-time basis for full-time~~
28 ~~employees of the employer.~~

29 (7) ~~The work of nurses, physicians, speech therapists,~~
30 ~~psychologists, audiometrists, audiologists, and other supervised~~
31 ~~employees in the school health program.~~

32 (8) ~~Services as a school librarian.~~

33 (9) ~~The work of county and district superintendents and other~~
34 ~~employees who are responsible for the supervision of persons or~~
35 ~~administration of the duties described in this section.~~

36 (b) ~~The board shall have final authority for determining~~
37 ~~creditable service to cover any activities not specified.~~

38 SEC. 8. Section 22121 of the Education Code is amended to
39 read:

1 22121. (a) “Credited service” means service for which the
2 required contributions have been paid.

3 (b) “*Credited service*” for members who are subject to the
4 California Public Employees’ Pension Reform Act of 2013 means
5 service for which required contributions have been paid and
6 service for which required contributions would have been paid in
7 absence of the limit established by subdivision (c) of Section
8 22119.3.

9 ~~(b)~~

10 (c) “Credited service” for the limited purpose of determining
11 eligibility for benefits pursuant to Section 22134.5, 24203.5, or
12 24203.6 also includes up to two-tenths of one year of service
13 granted pursuant to Section 22717.

14 SEC. 9. Section 22131 of the Education Code is amended to
15 read:

16 22131. “Employer” or “employing agency” means the state or
17 any agency or political subdivision thereof for which creditable
18 service subject to coverage by the plan is performed. *In the case*
19 *of a joint powers authority, all entities included in the authority*
20 *shall be entities at which creditable service subject to coverage*
21 *by the plan is performed and each entity shall report through the*
22 *same county office of education.*

23 SEC. 10. Section 22134 of the Education Code is amended to
24 read:

25 22134. (a) “Final compensation” means the highest average
26 annual compensation earnable, *as defined by Section 22115*, by a
27 member during any period of ~~three consecutive school years~~ 36
28 *consecutive months* while an active member of the Defined Benefit
29 Program or time during which he or she was not a member but for
30 which the member has received credit under the Defined Benefit
31 Program, except time that was so credited for service performed
32 outside this state prior to July 1, 1944.

33 (b) For purposes of this section, periods of service separated by
34 breaks in service may be aggregated ~~to constitute a period of three~~
35 ~~consecutive years~~, if the periods of service are consecutive except
36 for the breaks.

37 (c) The determination of final compensation of a member who
38 ~~has concurrent membership in any other retirement system pursuant~~
39 ~~to Section 22115.2 is eligible for concurrent retirement as defined~~
40 *in Section 22115.5* shall take into consideration the compensation

1 earnable while a member of any other system, provided that both
2 of the following exist:

3 (1) Service under any other system was not performed during
4 the same pay period with service under the Defined Benefit
5 Program.

6 (2) Retirement under the Defined Benefit Program is concurrent
7 with the member's retirement under any other system *pursuant to*
8 *Section 22115.5*.

9 (d) The compensation earnable for the first position in which
10 California service was credited shall be used when additional
11 compensation earnable is required ~~to accumulate three consecutive~~
12 ~~years~~ for the purpose of determining final compensation under
13 Section 23805.

14 (e) If a member has received service credit for part-time service
15 performed prior to July 1, 1956, the member's final compensation
16 shall be adjusted for that service in excess of one year by the ratio
17 that part-time service bears to full-time service.

18 (f) The board may specify a different final compensation with
19 respect to disability allowances, disability retirement allowances,
20 family allowances, and children's portions of survivor benefit
21 allowances payable on and after January 1, 1978. The compensation
22 earnable for periods of part-time service shall be adjusted by the
23 ratio that part-time service bears to full-time service.

24 (g) The amendment of former Section 22127 made by Chapter
25 782 of the Statutes of 1982 does not constitute a change in, but is
26 declaratory of, the existing law.

27 SEC. 11. Section 22134.5 of the Education Code is amended
28 to read:

29 22134.5. (a) Notwithstanding Section 22134, "final
30 compensation" means the highest average annual compensation
31 earnable, *as defined in Section 22115*, by a member during any
32 period of 12 consecutive months while an active member of the
33 Defined Benefit Program or time during which he or she was not
34 a member but for which the member has received credit under the
35 Defined Benefit Program, except time that was so credited for
36 service performed outside this state prior to July 1, 1944.

37 (b) For purposes of this section, periods of service separated by
38 breaks in service may be aggregated ~~to constitute a period of 12~~
39 ~~consecutive months~~, if the periods of service are consecutive except
40 for the breaks.

1 (c) The determination of final compensation of a member who
2 ~~has concurrent membership in any other retirement system pursuant~~
3 ~~to Section 22115.2~~ *is eligible for concurrent retirement as defined*
4 *in Section 22115.5* shall take into consideration the compensation
5 earnable while a member of any other system, provided that both
6 of the following exist:

7 (1) Service under any other system was not performed during
8 the same pay period with service under the Defined Benefit
9 Program.

10 (2) Retirement under the Defined Benefit Program is concurrent
11 with the member's retirement under any other system *pursuant to*
12 *Section 22115.5*.

13 (d) If a member has received service credit for part-time service
14 performed prior to July 1, 1956, the member's final compensation
15 shall be adjusted for that service in excess of one year by the ratio
16 that part-time service bears to full-time service.

17 (e) The board may specify a different final compensation with
18 respect to disability allowances, disability retirement allowances,
19 family allowances, and children's portions of survivor benefit
20 allowances payable on and after January 1, 1978. The compensation
21 earnable for periods of part-time service shall be adjusted by the
22 ratio that part-time service bears to full-time service.

23 (f) This section shall apply to the following:

24 (1) A member who has 25 or more years of credited service,
25 excluding service credited pursuant to the following:

26 (A) Section 22714.

27 (B) Section 22715.

28 (C) Section 22717, except as provided in subdivision (b) of
29 Section 22121.

30 (D) Section 22826.

31 (2) A nonmember spouse, if the member had 25 or more years
32 of credited service, as calculated in paragraph (1), on the date the
33 parties separated, as established in the judgment or court order
34 pursuant to Section 22652.

35 (3) This section shall not apply to a member subject to the
36 California Public Employees' Pension Reform Act of 2013.

37 SEC. 12. Section 22135 of the Education Code is amended to
38 read:

39 22135. (a) Notwithstanding ~~subdivisions~~ *subdivision (a)* ~~and~~
40 ~~(b)~~ of Section 22134, "final compensation" means the highest

1 average annual compensation earnable, *as defined by Section*
2 *22115*, by an active member who is a classroom teacher not subject
3 to the California Public Employees' Pension Reform Act of 2013
4 and who retires, becomes disabled, or dies, after June 30, 1990,
5 during any period of 12 consecutive months ~~during his or her~~
6 ~~membership in~~ *while an active member of the plan's* Defined
7 Benefit Program.

8 (b) Section 22134, except subdivision (a) of that section, shall
9 apply to classroom teachers who retire after June 30, 1990, and
10 any statutory reference to Section 22134 or "final compensation"
11 with respect to a classroom teacher who retires, becomes disabled,
12 or dies, after June 30, 1990, shall be deemed to be a reference to
13 this section.

14 (c) As used in this section, "classroom teacher" means any of
15 the following:

16 (1) All teachers and substitute teachers in positions requiring
17 certification qualifications who spend, during the last 10 years of
18 their employment with the same employer which immediately
19 precedes their retirement, 60 percent or more of their contract time
20 each year providing direct instruction. For the purpose of
21 determining continuity of employment within the meaning of this
22 subdivision, an authorized leave of absence for sabbatical or illness
23 or other collectively bargained or employer-approved leaves shall
24 not constitute a break in service.

25 (2) Other certificated personnel who spend, during the last 10
26 years of their employment with the same employer that
27 immediately precedes their retirement, 60 percent or more of their
28 contract time each year providing direct services to pupils,
29 including, but not limited to, librarians, counselors, nurses, speech
30 therapists, resource specialists, audiologists, audiometrists,
31 hygienists, optometrists, psychologists, driver safety instructors,
32 and personnel on special assignment to perform school attendance
33 and adjustment services.

34 (d) As used in this section, "classroom teacher" does not include
35 any of the following:

36 (1) Certificated employees whose job descriptions require an
37 administrative credential.

38 (2) Certificated employees whose job descriptions include
39 responsibility for supervision of certificated staff.

1 (3) Certificated employees who serve as advisers, coordinators,
2 consultants, or developers or planners of curricula, instructional
3 materials, or programs, who spend, during the last 10 years of their
4 employment with the same employer that immediately precedes
5 their retirement, less than 60 percent of their contract time in direct
6 instruction.

7 (4) Certificated employees whose job descriptions require
8 provision of direct instruction or services, but who are functioning
9 in nonteaching assignments.

10 (5) Classified employees.

11 (e) This section shall apply only to teachers employed by an
12 employer that has, pursuant to Chapter 10.7 (commencing with
13 Section 3540) of Division 4 of Title 1 of the Government Code,
14 entered into, extended, renewed, or amended a written agreement
15 with an exclusive representative, prior to January 1, 2014, that
16 makes this section applicable to all of its classroom teachers, as
17 defined in subdivision (c).

18 (f) The written agreement shall include a mechanism to pay for
19 all increases in allowances provided for by this section through
20 employer contributions or employee contributions or both, which
21 shall be collected and retained by the employer in a trust fund to
22 be used solely and exclusively to pay the system for all increases
23 in allowances provided by this section and related administrative
24 costs; and a mechanism for disposition of the employee's
25 contributions if employment is terminated before retirement, and
26 for the establishment of a trust fund board. The trust fund board
27 shall administer the trust fund and shall be composed of an equal
28 number of members representing classroom teachers chosen by
29 the bargaining agent and the employer. If the employer agrees to
30 pay the total cost of increases in allowances, the establishment of
31 a trust fund and a trust fund board shall be optional to the employer.
32 The employer, within 30 days of receiving an invoice from the
33 system, shall reimburse the retirement fund the amount determined
34 by the Teachers' Retirement Board to be the actuarial equivalent
35 of the difference between the allowance the member or beneficiary
36 receives pursuant to this section and the allowance the member or
37 beneficiary would have received if the member's final
38 compensation had been computed under Section 22134 and the
39 proportionate share of the cost to the plan's Defined Benefit
40 Program, as determined by the Teachers' Retirement Board, of

administering this section. The payment shall include the cost of all increases in allowances provided for by this section for all years of service credited to the member as of the benefit effective date. Interest shall be charged at the regular interest rate for any payment not received within 30 days of receipt of the invoice. Payments not received within 30 days after receipt of the invoice may be collected pursuant to Section 23007.

(g) Upon the execution of the agreement, the employer shall notify all certificated employees of the agreement and any certificated employee of the employer, who is a member of the Public Employees' Retirement System pursuant to Section 22508, that he or she may, within 60 days following the date of notification, elect to terminate his or her membership in the Public Employees' Retirement System and become a member of this plan's Defined Benefit Program. However, only service credited under the Defined Benefit Program subsequent to the date of that election shall be subject to this section.

(h) An employer that agrees to become subject to this section, shall, on a form and within the timeframes prescribed by the system, certify the applicability of this section to a member pursuant to the criteria set forth in this section when a retirement, disability, or family allowance becomes payable.

(i) For a nonmember spouse, final compensation shall be determined pursuant to paragraph (5) of subdivision (c) of Section 22664. The employer, within 30 days of receiving an invoice from the system, shall reimburse the retirement fund pursuant to subdivision (f). Interest shall be charged at the regular interest rate for payments not received within the prescribed timeframe. Payments not received within 30 days of invoicing may be collected pursuant to Section 23007.

SEC. 13. Section 22136 of the Education Code is amended to read:

22136. (a) "Final compensation" with respect to a member whose salary while an active member was reduced because of a reduction in school funds means the highest average annual compensation earnable, *as defined by Section 22115*, by the member during any ~~three years~~ 36 months while employed to perform creditable service subject to coverage by the Defined Benefit Program if the member elects to be subject to this section, *as certified by the employer*.

1 (b) For the purposes of this section, ~~a year shall be considered~~
2 ~~to be a period of 12 consecutive months~~ *periods of service*
3 *separated by breaks in service or periods in which a member's*
4 *salary was reduced may be aggregated, if the periods of service*
5 *are consecutive except for the breaks or periods of the salary*
6 *reduction.*

7 SEC. 14. Section 22516 of the Education Code is amended to
8 read:

9 22516. (a) Nothing in this chapter shall be construed or applied
10 to exclude from membership in the Defined Benefit Program any
11 person employed to perform creditable service at a level that
12 requires mandatory membership in the program for which he or
13 she has the right to elect membership in the program or another
14 retirement system and who elects membership in the other
15 retirement system, or who is employed to perform creditable
16 service at a level that does not require mandatory membership in
17 the Defined Benefit Program.

18 (b) Service performed after becoming a member of another
19 retirement system shall not be credited to the member under this
20 part, nor shall contributions or benefits under this part be based
21 upon that service or the compensation received by the member
22 during that period of service, except as provided in the definition
23 of "final compensation" contained in Section 22134 *or 22134.5.*

24 SEC. 15. Section 22655 of the Education Code is amended to
25 read:

26 22655. (a) Upon the legal separation or dissolution of marriage
27 of a retired member, the court may include in the judgment or court
28 order a determination of the community property rights of the
29 parties in the retired member's retirement allowance and, if
30 applicable, retirement benefit under this part consistent with this
31 section. Upon election under subparagraph (B) of paragraph (3)
32 of subdivision (a) of Section 2610 of the Family Code, the court
33 order awarding the nonmember spouse a community property share
34 in the retirement allowance or retirement benefit, or both, of a
35 retired member shall be consistent with this section.

36 (b) If the court does not award the entire retirement allowance
37 or retirement benefit under this part to the retired member and the
38 retired member is receiving a retirement allowance that has not
39 been modified pursuant to Section 24300 or 24300.1, a single life
40 annuity pursuant to Section 25011 or 25018, or a member only

1 annuity described in paragraph (1) of subdivision (a) of Sections
2 25011.1 and 25018.1, the court shall require only that the system
3 pay the nonmember spouse, by separate warrant, his or her
4 community property share of the retired member's retirement
5 allowance or retirement benefit, or both, under this part.

6 (c) If the court does not award the entire retirement allowance
7 or retirement benefit under this part to the retired member and the
8 retired member is receiving an allowance that has been actuarially
9 modified pursuant to Section 24300 or 24300.1, or a joint and
10 survivor annuity pursuant to Section 25011, 25011.1, 25018, or
11 25018.1, the court shall order only one of the following:

12 (1) The retired member shall maintain the retirement allowance
13 or joint and survivor annuity, or both, under this part without
14 change.

15 (2) The retired member shall cancel the option that modified
16 the retirement allowance under this part pursuant to Section ~~24305~~
17 ~~24322~~ and elect a new joint and survivor option or designate a new
18 beneficiary or both, and the system shall pay the nonmember
19 spouse, by separate warrant, his or her community property share
20 of the retirement allowance payable to the retired member, the
21 option beneficiary, or both.

22 (3) The retired member shall cancel the joint and survivor
23 annuity under which the retirement benefit is being paid pursuant
24 to Section ~~24305.3~~, ~~24324~~, and elect a new joint and survivor
25 annuity or designate a new annuity beneficiary or both, based on
26 the actuarial equivalent of the member's canceled annuity, and the
27 system shall pay the nonmember spouse, by separate warrant, his
28 or her community property share of the retirement benefit payable
29 to the retired member, the annuity beneficiary, or both.

30 (4) The retired member shall take the action specified in both
31 paragraphs (2) and (3).

32 (5) The retired member shall cancel the option that modified
33 the retirement allowance under this part pursuant to Section ~~24305~~
34 ~~24322~~ and elect an unmodified retirement allowance and the system
35 shall pay the nonmember spouse, by separate warrant, his or her
36 community property share of the retired member's retirement
37 allowance under this part.

38 (6) The retired member shall cancel, pursuant to Section
39 ~~24305.3~~, ~~24324~~, the joint and survivor annuity under which the
40 retirement benefit is being paid, and elect a single life annuity, and

1 the system shall pay the nonmember spouse, by separate warrant,
2 his or her community property share of the retirement benefit
3 payable to the retired member.

4 (7) The retired member shall take the action specified in both
5 paragraphs (5) and (6).

6 (d) If the option beneficiary or annuity beneficiary or both under
7 this part, other than the nonmember spouse, predeceases the retired
8 member, the court shall order the retired member to designate a
9 new option beneficiary pursuant to Section ~~24306~~, 24323, or a
10 new annuity beneficiary pursuant to Section ~~24305.3~~ 24324 and
11 shall order the system to pay the nonmember spouse, by separate
12 warrant, his or her share of the community property interest in the
13 retirement allowance or retirement benefit payable to the retired
14 member or the new option beneficiary or annuity beneficiary or
15 each of them.

16 (e) The right of the nonmember spouse to receive his or her
17 community property share of the retired member's retirement
18 allowance or retirement benefit or both under this section shall
19 terminate upon the death of the nonmember spouse. However, the
20 nonmember spouse may designate a beneficiary under the Defined
21 Benefit Program and a payee under the Defined Benefit
22 Supplement Program to receive his or her community property
23 share of the retired member's accumulated retirement contributions
24 and accumulated Defined Benefit Supplement account balance
25 under this part in the event that there are remaining accumulated
26 retirement contributions and a balance of credits in the member's
27 Defined Benefit Supplement account to be paid upon the death of
28 the nonmember spouse.

29 SEC. 16. Section 22662 of the Education Code is amended to
30 read:

31 22662. The nonmember spouse who is awarded a separate
32 account under the Defined Benefit Program may redeposit
33 accumulated retirement contributions previously refunded to the
34 member in accordance with the determination of the court pursuant
35 to Section 22652.

36 (a) The nonmember spouse may redeposit under the Defined
37 Benefit Program only those accumulated retirement contributions
38 that were previously refunded to the member and in which the
39 court has determined the nonmember spouse has a community
40 property interest.

1 (b) The nonmember spouse shall inform the system in writing
2 of his or her intent to redeposit within 180 days after the judgment
3 or court order that specifies the redeposit rights of the nonmember
4 spouse is entered. Except as provided in subdivision (g), the
5 nonmember spouse's election to redeposit shall be made on a form
6 provided by the system within 30 days after the system mails an
7 election form and the billing.

8 (c) If the nonmember spouse elects to redeposit under the
9 Defined Benefit Program, he or she shall repay all or a portion of
10 the member's refunded accumulated retirement contributions that
11 were awarded to the nonmember spouse and shall pay regular
12 interest from the date of the refund to the date payment of the
13 redeposit is completed.

14 (d) All payments shall be received by the system before the
15 effective date of the nonmember spouse's retirement under this
16 part. If any payment due because of the election is not received at
17 the system's headquarters office, ~~as established pursuant to Section~~
18 ~~22375, office~~ within 120 days of its due date, the election shall be
19 canceled and any payments made under the election shall be
20 returned to the nonmember spouse.

21 (e) The right of the nonmember spouse to redeposit shall be
22 subject to Section 23203.

23 (f) The member shall not have a right to redeposit the share of
24 the nonmember spouse in the previously refunded accumulated
25 retirement contributions under this part whether or not the
26 nonmember spouse elects to redeposit. However, any accumulated
27 retirement contributions previously refunded under this part and
28 not explicitly awarded to the nonmember spouse under this part
29 by the judgment or court order shall be deemed the exclusive
30 property of the member.

31 (g) The measurement of time within which the election to
32 redeposit described in subdivision (b) shall be made is subject to
33 Section 22337.

34 SEC. 17. Section 22663 of the Education Code is amended to
35 read:

36 22663. The nonmember spouse who is awarded a separate
37 account under this part has the right to purchase additional service
38 credit in accordance with the determination of the court pursuant
39 to Section 22652.

1 (a) The nonmember spouse may purchase only the service credit
2 that the court, pursuant to Section 22652, has determined to be the
3 community property interest of the nonmember spouse.

4 (b) The nonmember spouse shall inform the system in writing
5 of his or her intent to purchase additional service credit within 180
6 days after the date the judgment or court order addressing the right
7 of the nonmember spouse to purchase additional service credit is
8 entered. Except as provided in subdivision (f), the nonmember
9 spouse shall elect to purchase additional service credit on a form
10 provided by the system within 30 days after the system mails an
11 election form and billing.

12 (c) If the nonmember spouse elects to purchase additional
13 service credit, he or she shall pay, prior to retirement under this
14 part, all contributions with respect to the additional service at the
15 contribution rate for additional service credit in effect at the time
16 of election and regular interest from July 1 of the year following
17 the year upon which contributions are based.

18 (1) (A) The nonmember spouse shall purchase additional service
19 credit by paying the required contributions and interest in one lump
20 sum, or in not more than 120 monthly installments, provided that
21 no installment, except the final installment, is less than twenty-five
22 dollars (\$25). Regular interest shall be charged on the monthly,
23 unpaid balance if the nonmember spouse pays in installments.

24 (B) If any payment due, because of the election, is not received
25 at the system's headquarters—~~office, as established pursuant to~~
26 ~~Section 22375;~~ *office* within 120 days of its due date, the election
27 shall be canceled and any payments made under the election shall
28 be returned to the nonmember spouse.

29 (2) The contributions shall be based on the member's
30 compensation earnable in the most recent school year during which
31 the member was employed, preceding the date of separation
32 established by the court pursuant to Section 22652.

33 (3) All payments of contributions and interest shall be received
34 by the system before the effective date of the retirement of the
35 nonmember spouse.

36 (d) The nonmember spouse does not have a right to purchase
37 additional service credit under this part after the effective date of
38 a refund of the accumulated retirement contributions in the separate
39 account of the nonmember spouse.

1 (e) The member does not have a right to purchase the community
2 property interest of the nonmember spouse of additional service
3 credit under this part whether or not the nonmember spouse elects
4 to purchase the additional service credit. However, any additional
5 service credit eligible for purchase that is not explicitly awarded
6 to the nonmember spouse by the judgment or court order shall be
7 deemed the exclusive property of the member.

8 (f) The measurement of time within which the election to
9 purchase additional service credit described in subdivision (b) shall
10 be made is subject to Section 22337.

11 SEC. 18. Section 22664 of the Education Code is amended to
12 read:

13 22664. The nonmember spouse who is awarded a separate
14 account shall have the right to a service retirement allowance and,
15 if applicable, a retirement benefit under this part.

16 (a) The nonmember spouse shall be eligible to retire for service
17 under this part if the following conditions are satisfied:

18 (1) The member had at least five years of credited service during
19 the period of marriage, at least one year of which had been
20 performed subsequent to the most recent refund to the member of
21 accumulated retirement contributions. The credited service may
22 include service credited to the account of the member as of the
23 date of the dissolution or legal separation, previously refunded
24 service, out-of-state service, and permissive service credit that the
25 member is eligible to purchase at the time of the dissolution or
26 legal separation.

27 (2) The nonmember spouse has at least 2½ years of credited
28 service in his or her separate account.

29 (3) The nonmember spouse has attained 55 years of age or more.

30 (b) A service retirement allowance of a nonmember spouse
31 under this part shall become effective upon a date designated by
32 the nonmember spouse, provided:

33 (1) The requirements of subdivision (a) are satisfied.

34 (2) The nonmember spouse has filed an application for service
35 retirement on a properly executed form provided by the system,
36 that is executed no earlier than six months before the effective date
37 of the retirement allowance.

38 (3) The effective date is no earlier than the first day of the month
39 that the application is received at the system's headquarters office
40 as described in Section 22375, and the effective date is after the

1 date the judgment or court order pursuant to Section 22652 was
2 entered.

3 (c) (1) Upon service retirement at normal retirement age under
4 this part, the nonmember spouse shall receive a retirement
5 allowance that shall consist of an annual allowance payable in
6 monthly installments equal to 2 percent of final compensation for
7 each year of credited service.

8 (2) If the nonmember spouse's retirement is effective at less
9 than normal retirement age and between early retirement age under
10 this part and normal retirement age, the retirement allowance shall
11 be reduced by one-half of 1 percent for each full month, or fraction
12 of a month, that will elapse until the nonmember spouse would
13 have reached normal retirement age.

14 (3) If the nonmember spouse's service retirement is effective
15 at an age greater than normal retirement age and is effective on or
16 after January 1, 1999, the percentage of final compensation for
17 each year of credited service shall be determined pursuant to the
18 following table:

Age at Retirement	Percentage
60¼	2.033
60½	2.067
60¾	2.10
61	2.133
61¼	2.167
61½	2.20
61¾	2.233
62	2.267
62¼	2.30
62½	2.333
62¾	2.367
63 and over	2.40

34 (4) In computing the retirement allowance of the nonmember
35 spouse, the age of the nonmember spouse on the last day of the
36 month that the retirement allowance begins to accrue shall be used.

37 (5) Final compensation, for purposes of calculating the service
38 retirement allowance of the nonmember spouse under this
39 subdivision, shall be calculated according to the definition of final
40 compensation in Section 22134, 22134.5, 22135, or 22136,

1 whichever is applicable, and shall be based on the member's
2 compensation earnable up to the date the parties separated, as
3 established in the judgment or court order pursuant to Section
4 22652. The nonmember spouse shall not be entitled to use any
5 other calculation of final compensation.

6 (d) Upon service retirement under this part, the nonmember
7 spouse shall receive a retirement benefit based on an amount equal
8 to the balance of credits in the nonmember spouse's Defined
9 Benefit Supplement account on the date the retirement benefit
10 becomes payable.

11 (1) A retirement benefit shall be a lump-sum payment, or an
12 annuity payable in monthly installments, or a combination of both
13 a lump-sum payment and an annuity, as elected by the nonmember
14 spouse on the application for a retirement benefit. A retirement
15 benefit paid as an annuity under this chapter shall be subject to
16 Sections 22660, 25011, and 25011.1.

17 (2) Upon distribution of the entire retirement benefit in a
18 lump-sum payment, no other benefit shall be payable to the
19 nonmember spouse or the nonmember spouse's beneficiary under
20 the Defined Benefit Supplement Program.

21 (e) If the member is or was receiving a disability allowance
22 under this part with an effective date before or on the date the
23 parties separated as established in the judgment or court order
24 pursuant to Section 22652, or at any time applies for and receives
25 a disability allowance with an effective date that is before or
26 coincides with the date the parties separated as established in the
27 judgment or court order pursuant to Section 22652, the nonmember
28 spouse shall not be eligible to retire until after the disability
29 allowance of the member terminates. If the member who is or was
30 receiving a disability allowance returns to employment to perform
31 creditable service subject to coverage under the Defined Benefit
32 Program or has his or her allowance terminated under Section
33 24015, the nonmember spouse may not be paid a retirement
34 allowance until at least six months after termination of the disability
35 allowance and the return of the member to employment to perform
36 creditable service subject to coverage under the Defined Benefit
37 Program, or the termination of the disability allowance and the
38 employment or self-employment of the member in any capacity,
39 notwithstanding Section 22132. If at the end of the six-month
40 period, the member has not had a recurrence of the original

1 disability or has not had his or her earnings fall below the amounts
2 described in Section 24015, the nonmember spouse may be paid
3 a retirement allowance if all other eligibility requirements are met.

4 (1) The retirement allowance of the nonmember spouse under
5 this subdivision shall be calculated as follows: the disability
6 allowance the member was receiving, exclusive of the portion for
7 dependent children, shall be divided between the share of the
8 member and the share of the nonmember spouse. The share of the
9 nonmember spouse shall be the amount obtained by multiplying
10 the disability allowance, exclusive of the portion for dependent
11 children, by the years of service credited to the separate account
12 of the nonmember spouse, including service projected to the date
13 of separation, and dividing by the projected service of the member.
14 The nonmember spouse's retirement allowance shall be the lesser
15 of the share of the nonmember spouse under this subdivision or
16 the retirement allowance under subdivision (c).

17 (2) The share of the member shall be the total disability
18 allowance reduced by the share of the nonmember spouse. The
19 share of the member shall be considered the disability allowance
20 of the member for purposes of Section 24213.

21 (f) The nonmember spouse who receives a retirement allowance
22 is not a retired member under this part. However, the allowance
23 of the nonmember spouse shall be increased by application of the
24 improvement factor and shall be eligible for the application of
25 supplemental increases and other benefit maintenance provisions
26 under this part, including, but not limited to, Sections 24412 and
27 24415 based on the same criteria used for the application of these
28 benefit maintenance increases to the service retirement allowances
29 of members.

30 (g) Paragraphs (1) through (3), inclusive, of subdivision (c) shall
31 not apply to a nonmember spouse of a member subject to the
32 California Public Employees' Pension Reform Act of 2013. For a
33 person who is a nonmember spouse of a member subject to the
34 California Public Employees' Pension Reform Act of 2013 and is
35 awarded a separate account, the retirement allowance shall equal
36 the percentage of final compensation for each year of credited
37 service that is equal to the percentage specified in Section 24202.6
38 based on the age of the nonmember spouse on the effective date
39 of the allowance.

1 SEC. 19. Section 22801 of the Education Code is amended to
2 read:

3 22801. (a) A member who requests to purchase additional
4 service credit as provided in this chapter and Chapter 14.2
5 (commencing with Section 22820) shall pay, prior to retirement,
6 all contributions with respect to that service at the contribution
7 rate for additional service credit, adopted by the board as a plan
8 amendment, in effect on the date of the request to purchase
9 additional service credit. If the system is unable to inform the
10 member or beneficiary of the amount required to purchase
11 additional service credit prior to the effective date of the applicable
12 allowance, the member or beneficiary may make the required
13 payment within 30 working days after the date of mailing of the
14 statement of contributions and interest required or the effective
15 date of the appropriate allowance, whichever is later, except as
16 provided in subdivision (i). The payment shall be paid in full before
17 a member or beneficiary receives any adjustment in the appropriate
18 allowance due because of that payment. Contributions shall be
19 made in a lump sum, or in not more than 120 monthly installments,
20 not to exceed ten years. No installment, except the final installment,
21 shall be less than twenty-five dollars (\$25).

22 (b) If the member is employed to perform creditable service
23 subject to coverage by the Defined Benefit Program on the date
24 of the request to purchase additional service credit, the
25 contributions shall be based upon the compensation earnable in
26 the current school year or either of the two immediately preceding
27 school years, whichever is highest.

28 (c) If the member is not employed to perform creditable service
29 subject to coverage by the Defined Benefit Program on the date
30 of the request to purchase additional service credit, the
31 contributions shall be based upon the compensation earnable in
32 the last school year of credited service or either of the two
33 immediately preceding school years, whichever is highest, and
34 additional regular interest shall be added to the contributions from
35 July 1 of the subsequent year in which the member last performed
36 creditable service subject to coverage by the Defined Benefit
37 Program to 20 days after the date of the request.

38 (d) The employer may pay the amount required as employer
39 contributions for additional service credited under paragraphs (7),
40 (8), (9), and (10) of subdivision (a) of Section 22803.

1 (e) The Public Employees' Retirement System shall transfer
2 the actuarial present value of the assets of a person who makes an
3 election pursuant to paragraph (11) of subdivision (a) of Section
4 22803.

5 (f) Regular interest shall be charged on the monthly unpaid
6 balance if the member pays in installments. Regular interest may
7 not be charged or be payable for the period of a delay caused by
8 the system's inability or failure to determine and inform the
9 member or beneficiary of the amount of contributions and interest
10 that is payable. The period of delay shall commence on the 20th
11 day following the day on which the member or beneficiary who
12 wishes to make payment evidences in writing to the system that
13 he or she is ready, willing, and able to make payment to the system.
14 The period of delay shall cease on the first day of the month
15 following the mailing of notification of contributions and interest
16 payable.

17 (g) If the payment described in subdivision (a) is not received
18 at the system's headquarters ~~office, as described in Section 22375,~~
19 *office* within 120 days of the due date, the election pursuant to this
20 section shall be canceled. The member shall receive credit for
21 additional service based on the payments that were made or the
22 member may request a return of his or her payments.

23 (h) If the election to purchase additional service credit is
24 canceled as described in subdivision (g), the member may, prior
25 to the effective date of his or her retirement, elect to purchase
26 additional service credit pursuant to this section.

27 (i) The measurement of time within which the purchase of
28 additional service credit described in subdivision (a) shall be made
29 is subject to Section 22337.

30 SEC. 20. Section 22826 of the Education Code is amended to
31 read:

32 22826. (a) A member, other than a retired member, may
33 request to purchase up to five years of nonqualified service credit
34 provided the member is vested in the Defined Benefit Program as
35 provided in Section 22156.

36 (b) A member who requests to purchase nonqualified service
37 credit as provided in this chapter shall contribute to the retirement
38 fund the actuarial cost of the service, including interest as
39 appropriate, as determined by the board based on the most recent
40 valuation of the plan with respect to the Defined Benefit Program

1 in effect on the date of the request, in accordance with subdivisions
2 (a), (f), (g), and (h) of Section 22801.

3 (c) This section shall apply only to an application to purchase
4 nonqualified service credit on a properly executed form provided
5 by the system and received at the system's headquarters office, as
6 ~~established pursuant to Section 22375, office~~ prior to January 1,
7 2013, that is subsequently approved by the system.

8 SEC. 21. Section 22828 of the Education Code is amended to
9 read:

10 22828. A request to purchase out-of-state service credit
11 pursuant to Section 22827 must be received, ~~as provided in Section~~
12 ~~22375, received~~ no later than June 30, 2009.

13 SEC. 22. Section 22905 of the Education Code is amended to
14 read:

15 22905. (a) Member contributions pursuant to Section 22901,
16 employer contributions pursuant to Section 22903 or 22904, and
17 member contributions made by an employer pursuant to Section
18 22909 shall be credited to the member's individual account under
19 the Defined Benefit Program or the Defined Benefit Supplement
20 Program, whichever is applicable pursuant to the provisions of
21 this part.

22 (b) Except as provided in subdivision (f), member and employer
23 contributions, exclusive of contributions pursuant to Section 22951,
24 on a member's compensation under the following circumstances
25 shall be credited to the member's Defined Benefit Supplement
26 account:

27 (1) Compensation for creditable service that exceeds one year
28 in a school year.

29 (2) Compensation that is ~~consistent with subdivision (b) of~~
30 ~~Section 22119.2 determined by the system to have been paid to~~
31 *enhance a member's benefits pursuant to subdivision (b) of Section*
32 *22119.2 or to not reflect sound principles that support the integrity*
33 *of the retirement fund pursuant to subdivision (f) of Section*
34 *22119.2.*

35 (3) Compensation that is paid for a limited number of times as
36 specified by law, a collective bargaining agreement, or an
37 employment agreement.

38 (c) A member may not make voluntary pretax or posttax
39 contributions under the Defined Benefit Supplement Program,
40 except as provided in subdivision (d), nor may a member redeposit

1 amounts previously distributed based on the balance in the
2 member's Defined Benefit Supplement account.

3 (d) Member and employer contributions pursuant to paragraph
4 (1) of subdivision (b) under the Defined Benefit Supplement
5 Program shall be credited to the accounts of members as of July
6 1 each year following a determination by the system under the
7 provisions of this part that those contributions should be credited
8 to the Defined Benefit Supplement Program. Any other
9 contributions under the Defined Benefit Supplement Program
10 pursuant to paragraph (2) or (3) of subdivision (b), shall be credited
11 to the individual account of the member upon receipt by the system.
12 Contributions to a member's Defined Benefit Supplement account
13 shall be identified separately from the member's contributions
14 credited under the Defined Benefit Program.

15 (e) The provisions of this section shall become operative on
16 July 1, 2002, if the revenue limit cost-of-living adjustment
17 computed by the Superintendent of Public Instruction for the
18 2001–02 fiscal year is equal to or greater than 3.5 percent.
19 Otherwise this section shall become operative on July 1, 2003.

20 (f) Paragraphs (2) and (3) of subdivision (b) shall not apply to
21 a member subject to the California Public Employees' Pension
22 Reform Act of 2013.

23 SEC. 23. Section 23104 of the Education Code is amended to
24 read:

25 23104. (a) Deposit in the United States mail of an initial
26 warrant drawn as directed by the member as a refund of
27 contributions upon termination of employment, and addressed to
28 the address directed by the member, constitutes a return of the
29 member's accumulated retirement contributions under this part.

30 (b) Except as provided in subdivision (e), if the member has
31 elected on a form provided by the system to transfer all or a
32 specified portion of the accumulated retirement contributions that
33 are eligible for direct trustee-to-trustee transfer to the trustee of a
34 qualified plan under Section 402 of the Internal Revenue Code of
35 1986 (26 U.S.C. Sec. 402), deposit in the United States mail of a
36 notice that the requested transfer has been made constitutes a return
37 of the member's accumulated retirement contributions under this
38 part.

39 (c) Except as provided in subdivision (e), for refunds not
40 involving direct trustee-to-trustee transfers, if the member returns

1 the total gross distribution amount to the system's headquarters
2 office, ~~as established pursuant to Section 22375, office~~ within 30
3 days from the mailing date, the refund shall be canceled and the
4 person shall be restored as a member of the Defined Benefit
5 Program with all the rights and privileges under this part restored.

6 (d) Except as provided in subdivision (e), for refunds involving
7 direct trustee-to-trustee transfers, if the member returns the warrant
8 drawn to the trustee of the qualified plan or the trustee returns the
9 amount of the qualified refund and, if applicable, any additional
10 amounts necessary to equal, but in no event to exceed, the total
11 gross distribution amount to the system's headquarters ~~office, as~~
12 ~~established pursuant to Section 22375, office~~ within 30 days from
13 the mailing date, the refund shall be canceled and the person shall
14 be restored as a member of the Defined Benefit Program with all
15 the rights and privileges under this part restored.

16 (e) The mode of notice described in subdivision (b) and the
17 measurement of time within which the return of total gross
18 distribution amounts described in subdivisions (c) and (d) shall be
19 made are subject to Section 22337.

20 SEC. 24. Section 24001 of the Education Code is amended to
21 read:

22 24001. (a) (1) A member may apply for a disability allowance
23 under the Defined Benefit Program, upon written application for
24 disability allowance to the board on a properly executed form
25 provided by the system, if the member has five or more years of
26 credited service and if all of the following requirements are met:

27 (A) At least four years were credited for actual performance of
28 service subject to coverage under the Defined Benefit Program.
29 Credit received because of workers' compensation payments shall
30 be counted toward the four-year requirement in accordance with
31 Section 22710.

32 (B) The last five years of credited service were performed in
33 this state.

34 (C) Except as described in subdivision (d) of Section 24201.5,
35 *the member is not currently receiving a service retirement*
36 *allowance and* at least one year was credited for service performed
37 subsequent to the date on which the member terminated ~~the a~~
38 service retirement allowance under Section 24208.

1 (D) At least one year was credited for service performed
2 subsequent to the most recent refund of accumulated retirement
3 contributions.

4 (E) The member has neither attained normal retirement age, nor
5 possesses sufficient unused sick leave days to receive creditable
6 compensation on account of sick leave to normal retirement age.

7 (F) The member is not applying for a disability allowance
8 because of a physical or mental condition known to exist at the
9 time the most recent membership in the Defined Benefit Program
10 commenced and remains substantially unchanged at the time of
11 application.

12 (2) A member who becomes disabled prior to normal retirement
13 age, who has sick leave which will extend beyond normal
14 retirement age, and who has a dependent child, may be awarded
15 a disability allowance with an effective date after normal retirement
16 age if the application is filed prior to attaining normal retirement
17 age.

18 (b) Nothing in subdivision (a) shall affect the right of a member
19 to a disability allowance under this part if the reason that the
20 member is credited with less than four years of actual service
21 performed subject to coverage under the Defined Benefit Program
22 is due to an on-the-job injury or a disease that occurred while the
23 member was employed and the four-year requirement can be
24 satisfied by credit obtained under Chapter 14 (commencing with
25 Section 22800) or Chapter 14.5 (commencing with Section 22850)
26 in addition to any credit received from workers' compensation
27 payments.

28 (c) Nothing in subdivision (a) shall affect the right of a member
29 under this part who has less than five years of credited service to
30 a disability allowance if the following conditions are met:

31 (1) The member has at least one year of credited service
32 performed in this state.

33 (2) The disability is the direct result of an unlawful act of bodily
34 injury that was perpetrated on his or her person by another human
35 being while the member was performing his or her official duties
36 in a position subject to coverage under the Defined Benefit
37 Program.

38 (3) The member provides documentation of the unlawful act in
39 the form of an official police report or official employer incident
40 report.

1 (d) A member who is eligible to apply for a disability allowance
2 pursuant to this section may also apply for a service retirement
3 pending a determination of his or her application for disability as
4 described in Section 24201.5.

5 SEC. 25. Section 24101 of the Education Code is amended to
6 read:

7 24101. (a) A member may apply for a disability retirement
8 under this part, upon written application for disability retirement
9 to the board on a properly executed form provided by the system,
10 if the member has five or more years of credited service and if all
11 of the following requirements are met:

12 (1) At least four years were credited for actual service performed
13 subject to coverage under the Defined Benefit Program. Credit
14 received because of workers' compensation payments shall be
15 counted toward the four-year requirement in accordance with
16 Section 22710.

17 (2) The last five years of credited service were performed in
18 this state.

19 (3) Except as described in subdivision (d) of Section 24201.5,
20 *the member is not currently receiving a service retirement*
21 *allowance and* at least one year of credited service was earned
22 subsequent to the date on which the member terminated ~~the a~~
23 service retirement allowance under Section 24208.

24 (4) At least one year of credited service was earned subsequent
25 to the date on which the member's disability retirement was
26 terminated.

27 (5) At least one year of credited service was earned subsequent
28 to the most recent refund of accumulated retirement contributions.

29 (6) The member is not applying for a disability retirement
30 because of a physical or mental condition known to exist at the
31 time the most recent membership in the Defined Benefit Program
32 commenced and that remains substantially unchanged at the time
33 of application.

34 (b) Nothing in subdivision (a) shall affect the right of a member
35 to a disability retirement if the reason that the member has
36 performed less than four years of actual service is due to an
37 on-the-job injury or a disease while in employment subject to
38 coverage by the Defined Benefit Program and the four-year
39 requirement can be satisfied by credit obtained under Chapter 14
40 (commencing with Section 22800) or Chapter 14.5 (commencing

1 with Section 22850) in addition to any credit received from
2 workers' compensation payments.

3 (c) Nothing in subdivision (a) shall affect the right of a member
4 under this part who has less than five years of credited service to
5 a disability retirement allowance if the following conditions are
6 met:

7 (1) The member has at least one year of credited service
8 performed in this state.

9 (2) The disability is a direct result of an unlawful act of bodily
10 injury that was perpetrated on his or her person by another human
11 being while the member was performing his or her official duties
12 in a position subject to coverage under the Defined Benefit
13 Program.

14 (3) The member provides documentation of the unlawful act in
15 the form of an official police report or official employer incident
16 report.

17 (d) A member who is eligible to apply for a disability retirement
18 pursuant to this section may also apply for a service retirement
19 pending a determination of his or her application for disability as
20 described in Section 24201.5.

21 SEC. 26. Section 24105 of the Education Code is amended to
22 read:

23 24105. (a) A disability retirement allowance under this part
24 shall become effective upon any date designated by the member,
25 provided that all of the following conditions are met:

26 (1) An application for disability retirement is filed on a properly
27 executed form prescribed by the system.

28 (2) The effective date is later than the last day of creditable
29 service for which compensation is payable to the member.

30 (3) The effective date is no earlier than either the first day of
31 the month in which the application is received at the system's
32 headquarters office or the date upon and continuously after which
33 the member is determined to the satisfaction of the board to have
34 been mentally incompetent.

35 (4) The application for disability retirement contains an election
36 of either an unmodified allowance or an allowance modified under
37 an option as provided in Section ~~24301~~ 24332.

38 (b) If the member is employed to perform creditable service
39 subject to coverage under the Defined Benefit Program at the time
40 the disability retirement is approved, the member shall notify the

1 system in writing, within 90 days, of the last day on which the
2 member will perform service. If the member does not respond
3 within 90 days, or if the last day on which service will be
4 performed is more than 90 days after the date the system notifies
5 the member of the approval of disability retirement, the member's
6 application for disability retirement shall be rejected and a
7 disability retirement allowance shall not be payable to the member.

8 SEC. 27. Section 24107 of the Education Code is amended to
9 read:

10 24107. A member retired for disability under this part may
11 elect an option pursuant to Section ~~24301~~ 24332 to modify the
12 disability retirement allowance payable pursuant to subdivision
13 (a) of Section 24106.

14 SEC. 28. Section 24201.5 of the Education Code is amended
15 to read:

16 24201.5. (a) A member who is eligible and applies for a
17 disability allowance or retirement pursuant to Section 24001 or
18 24101 may apply to receive a service retirement allowance pending
19 the determination of his or her application for disability, subject
20 to all of the following:

21 (1) The member is eligible to retire for service under Section
22 24201 or 24203.

23 (2) The member submits the application on a form provided by
24 the system, subject to all of the following:

25 (A) The application is executed no earlier than the date the
26 application for disability benefits is executed and no earlier than
27 six months before the effective date of the retirement allowance.

28 (B) The effective date is no earlier than the first day of the month
29 in which the application for disability benefits is received at the
30 system's headquarters office, unless the application for disability
31 benefits is denied or canceled and the member has indicated an
32 earlier service retirement date on the application to use if denied
33 or canceled. If the application for disability benefits is denied or
34 canceled, the service retirement date of a member ~~retiring who~~
35 *submits an application for retirement pursuant to this section* on
36 or after January 1, 2014, shall be no earlier than January 1, 2014.

37 (C) The effective date is later than the last day of creditable
38 service for which compensation is payable to the member.

39 (D) The effective date is no earlier than one year following the
40 date on which a retirement allowance was terminated pursuant to

1 Section 24208, unless the application for disability benefits is
2 denied or canceled and the member has indicated an earlier service
3 retirement date on the application to use if denied or canceled. If
4 the application for disability benefits is denied or canceled, the
5 service retirement date is no earlier than one day after the date on
6 which a retirement allowance was terminated pursuant to Section
7 24208, provided that the retirement allowance is terminated on or
8 after January 1, 2014.

9 (E) The effective date is no earlier than one year following the
10 date on which a retirement allowance was terminated pursuant to
11 subdivision (a) of Section 24117.

12 (3) The effective date of the service retirement allowance can
13 be no earlier than the date upon and continuously after which the
14 member is determined to the satisfaction of the board to have been
15 mentally incompetent.

16 (4) A member who applies for service retirement under this
17 section is not eligible to receive a lump-sum payment and an
18 actuarially reduced monthly allowance pursuant to Section 24221.

19 (5) A member who applies for service retirement under this
20 section is not eligible to receive an allowance calculated pursuant
21 to Section 24205.

22 (6) (A) Except as described in subparagraph (B), a member
23 who applies for service retirement under this section shall not
24 receive service credit for each day of accumulated and unused
25 leave of absence for illness or injury or for education pursuant to
26 Section 22717 or 22717.5.

27 (B) If the application for disability is denied or canceled, the
28 member's service retirement allowance shall be adjusted to the
29 effective date of the service retirement to include service credited
30 pursuant to Section 22717 or 22717.5.

31 (7) If the application for disability is denied or canceled, a
32 member who applies for a service retirement allowance under this
33 section is subject to all of the following:

34 (A) Unless otherwise provided in this part, a member who, on
35 his or her application for service retirement, elects an option
36 pursuant to Section 24300.1 or 24307 may not change or revoke
37 that option.

38 (B) If the member receives a modified service retirement
39 allowance based on the election of an option pursuant to Section

1 24300.1 or 24307, that modified service retirement allowance shall
2 continue in effect and unchanged.

3 (C) If the member did not elect an option pursuant to Section
4 24300.1 or 24307 and receives an unmodified service retirement
5 allowance, that unmodified service retirement allowance shall
6 continue in effect and unchanged.

7 (b) A member who applies for service retirement under this
8 section may change or cancel his or her service retirement
9 application pursuant to Section 24204, or may terminate his or her
10 service retirement allowance pursuant to Section 24208.

11 (c) A member may not cancel his or her application for disability
12 prior to a determination of that application unless he or she submits
13 a written request to the system's headquarters office. If a member
14 elects to cancel his or her service retirement application or elects
15 to terminate his or her service retirement allowance as described
16 in subdivision (b), that election shall not cancel the application for
17 disability.

18 (d) (1) Subparagraph (C) of paragraph (1) of subdivision (a)
19 of Section 24001 and paragraph (3) of subdivision (a) of Section
20 24101 shall not apply to a member who cancels an application for
21 service retirement pursuant to Section 24204 or who terminates a
22 service retirement allowance pursuant to Section 24208, if all of
23 the following apply:

24 (A) The member earned at least one year of credited service
25 subsequent to the most recent terminated service retirement
26 allowance.

27 (B) The member's application for disability under this section
28 is pending determination by the board.

29 (2) If the member's application for disability under this section
30 is denied or canceled, subparagraph (C) of paragraph (1) of
31 subdivision (a) of Section 24001 and paragraph (3) of subdivision
32 (a) of Section 24101 shall apply if the member submits a new
33 application for disability.

34 (e) (1) If the board approves the application for disability, and
35 notwithstanding subdivision (f) of Section 24204, the board shall
36 cancel the member's application for service retirement and shall
37 authorize payment of a disability allowance or disability retirement.

38 (2) If the board approves the application for disability and the
39 member has received service retirement allowance payments under
40 this part, the effective date for the disability allowance or disability

1 retirement shall be the same as the effective date of the service
2 retirement allowance.

3 (f) If a member who applies for service retirement under this
4 section dies prior to a determination by the board on the application
5 for disability, the member shall be considered retired for service
6 at the time of death, and any subsequent benefits shall be paid
7 accordingly.

8 (g) If a member who applies for service retirement under this
9 section dies after the board has approved the member's application
10 for disability, the member shall be considered a disabled member,
11 or retired for disability, at the time of death, and any subsequent
12 benefits shall be paid accordingly, even if the member died prior
13 to receiving notification of the approval of his or her application
14 for disability.

15 (h) If the member changes or cancels his or her service
16 retirement application or terminates his or her service retirement
17 allowance as described in subdivision (b), the system shall make
18 appropriate adjustments to the applicable service retirement
19 allowance, disability allowance, or disability retirement allowance,
20 retroactive to the effective date of the disability allowance or
21 disability retirement allowance. Subdivision (a) of Section 24617
22 shall not apply.

23 (i) The system may recover a service retirement allowance
24 overpayment made to a member by deducting that overpayment
25 from any subsequent disability benefit payable to the member.

26 (j) Nothing in this section shall be construed to allow a member
27 or beneficiary to receive more than one type of retirement or
28 disability allowance for the same period of time.

29 SEC. 29. Section 24203.5 of the Education Code is amended
30 to read:

31 24203.5. (a) The percentage of final compensation used to
32 compute the allowance pursuant to Section 24202.5, 24203,~~or~~
33 24205, 24209, 24209.3, 24210, 24211, 24212, or 24213 of a
34 member retiring on or after January 1, 1999, who has 30 or more
35 years of credited service, shall be increased by two-tenths of 1
36 percentage point, provided that the sum of the percentage of final
37 compensation used to compute the allowance, including any
38 adjustments for retiring before the normal retirement age, and the
39 additional percentage provided by this section does not exceed
40 2.40 percent.

1 (b) For purposes of establishing eligibility for the increased
2 allowance pursuant to this section only, credited service shall
3 exclude service credited pursuant to the following:

4 (1) Section 22714.

5 (2) Section 22715.

6 (3) Section 22717, except as provided in subdivision (b) of
7 Section 22121.

8 (4) Section 22717.5.

9 (c) For purposes of establishing eligibility for the increased
10 allowance pursuant to this section only, credited service shall
11 include credited service that a court has ordered be awarded to a
12 nonmember spouse pursuant to Section 22652. A nonmember
13 spouse shall also be eligible for the increased allowance pursuant
14 to this section if the member had 30 or more years of credited
15 service on the date the parties separated, as established in the
16 judgment or court order pursuant to Section 22652.

17 (d) Nonqualified service credit for which contributions pursuant
18 to Section 22826 were made in a lump sum on or after January 1,
19 2000, or for which the first installment was made on or after
20 January 1, 2000, may not be included in determining the eligibility
21 for an increased allowance pursuant to this section.

22 SEC. 30. Section 24203.6 of the Education Code is amended
23 to read:

24 24203.6. (a) In addition to the amount otherwise payable
25 pursuant to ~~Sections~~ *Section* 24202.5, 24203, 24203.5, 24205,
26 24209, 24209.3, 24210, 24211, ~~and~~ 24212, *or 24213*, a member
27 shall receive an increase in the monthly allowance, prior to any
28 modification pursuant to Sections 24300, 24300.1, and 24309, in
29 the amount identified in subdivision (b), if the member meets all
30 of the following criteria:

31 (1) The member retires for service on or after January 1, 2001.

32 (2) Prior to January 1, 2011, the member has 30 or more years
33 of credited service, including any credited service that a court has
34 ordered be awarded to a nonmember spouse pursuant to Section
35 22652, but excluding service credited pursuant to the following:

36 (A) Section 22714.

37 (B) Section 22715.

38 (C) Section 22717, except as provided in subdivision (b) of
39 Section 22121.

40 (D) Section 22717.5.

1 (E) Section 22826.

2 (3) The member is receiving an allowance subject to Section
3 24203.5.

4 (b) The amount of the increase in the monthly allowance shall
5 be based on the member's years of credited service at the time of
6 retirement as follows:

7		
8	30 years of credited service	\$200
9	31 years of credited service	\$300
10	32 or more years of credited service	\$400

11
12 (c) This section also applies to a nonmember spouse, if all of
13 the following conditions are satisfied:

14 (1) The member is eligible for the allowance increase pursuant
15 to subdivisions (a) and (b) upon his or her retirement for service.

16 (2) On the date the parties separated, as established in the
17 judgment or court order pursuant to Section 22652, the member
18 had at least 30 years of credited service, excluding service credited
19 pursuant to the following:

20 (A) Section 22714.

21 (B) Section 22715.

22 (C) Section 22717, except as provided in subdivision (b) of
23 Section 22121.

24 (D) Section 22717.5.

25 (E) Section 22826.

26 (3) The service credit of the member was divided into separate
27 accounts in the name of the member and the nonmember spouse
28 by a court pursuant to Section 22652. The amount identified in the
29 schedule in subdivision (b) and payable pursuant to this section,
30 that is based on the service credited during the marriage, shall be
31 divided and paid to the member and the nonmember spouse
32 proportionately according to the respective percentages of the
33 member's service credit that were allocated to the member and the
34 nonmember spouse in the court's order.

35 (d) The allowance increase provided under this section is not
36 subject to Sections 24415 and 24417, but is subject to Section
37 22140.

38 SEC. 31. Section 24204 of the Education Code is amended to
39 read:

1 24204. (a) A service retirement allowance under this part shall
2 become effective upon any date designated by the member,
3 provided all of the following conditions are met:

4 (1) An application for service retirement allowance is filed on
5 a form provided by the system, which is executed no earlier than
6 six months before the effective date of retirement allowance.

7 (2) The effective date is later than the last day of creditable
8 service for which compensation is payable to the member.

9 (3) The effective date is no earlier than one day after the date
10 on which the retirement allowance was terminated under Section
11 24208.

12 (4) The effective date is no earlier than one year following the
13 date on which the retirement allowance was terminated under
14 subdivision (a) of Section 24117.

15 (5) The effective date is no earlier than the date upon and
16 continuously after which the member is determined to the
17 satisfaction of the board to have been mentally incompetent.

18 (6) The effective date is no earlier than the date upon which the
19 member completes payment of a service credit purchase pursuant
20 to Section 22801, 22820, or 22826, or payment of a redeposit of
21 contributions pursuant to Section 23200, except as provided in
22 Section 22801 or 22829.

23 (b) A member who files an application for service retirement
24 may change or cancel his or her retirement application, as long as
25 the form provided by the system is received in the system's
26 headquarters office no later than 30 days from the date the
27 member's initial benefit payment for the member's most recent
28 retirement under the Defined Benefit Program is paid by the
29 system. If a member cancels his or her retirement application, the
30 member shall return the total gross distribution amount of all
31 payments for the canceled retirement benefit to the system's
32 headquarters office no later than 45 days from the date of the
33 member's initial benefit payment and shall be liable for any adverse
34 tax consequences that may result from these actions.

35 (c) The retirement date of a member ~~retiring~~ *who files an*
36 *application for retirement pursuant to Section 24201* on or after
37 January 1, 2012, shall be no earlier than January 1, 2012.

38 (d) Nothing in this section shall be construed to allow a member
39 to receive more than one type of retirement or disability allowance
40 for the same period of time by virtue of his or her own membership.

1 SEC. 32. Section 24205 of the Education Code is amended to
2 read:

3 24205. A member retiring prior to 60 years of age, and who
4 has attained 55 years of age, may elect to receive one-half of the
5 service retirement allowance for normal retirement age for a limited
6 time and then revert to the full retirement allowance for normal
7 retirement age.

8 (a) The retirement allowance shall be based on service credit
9 and final compensation as of the date of retirement for service and
10 shall be calculated with the factor for normal retirement age.

11 (b) If the member elects a joint and survivor option under
12 Section 24300 or 24300.1, the actuarial reduction shall be based
13 on the member's and beneficiary's ages as of the effective date of
14 the early retirement. If the member elected a preretirement option
15 under Section 24307, the actuarial reduction shall be based on the
16 member's and beneficiary's ages as determined by the provisions
17 of that section.

18 (c) One-half of the retirement allowance as of 60 years of age
19 shall be paid for a period of time equal to twice the elapsed time
20 between the effective date of retirement and the date of the retired
21 member's 60th birthday.

22 (d) The full retirement allowance as calculated under subdivision
23 (a) or (b) shall begin to accrue as of the first of the month following
24 the reduction period as specified in subdivision (c). The full
25 retirement allowance shall not begin to accrue prior to this time
26 under any circumstances, including, but not limited to, divorce or
27 death of the named beneficiary.

28 (e) The annual improvement factor provided for in Sections
29 22140 and 22141 shall be based upon the retirement allowance as
30 calculated under subdivision (a) or (b). The improvement factor
31 shall begin to accrue on September 1 following the retired
32 member's 60th birthday. These increases shall be accumulated
33 and shall become payable when the full retirement allowance for
34 normal retirement age first becomes payable.

35 (f) Any ad hoc benefit increase with an effective date prior to
36 the retired member's 60th birthday shall not affect an allowance
37 payable under this section. Only those ad hoc improvements with
38 effective dates on or after the retired member's 60th birthday shall
39 be accrued and accumulated and shall first become payable when

1 the full retirement allowance for normal retirement age becomes
2 payable.

3 (g) The cancellation of an option election in accordance with
4 Section ~~24305~~ 24322 shall not cancel the election under this
5 section. Upon cancellation of the joint and survivor option, one-half
6 of the retired member's retirement allowance as calculated under
7 subdivision (a) shall become payable for the balance of the
8 reduction period specified in subdivision (c).

9 (h) If a retired member who has elected a joint and survivor
10 option dies during the period when the reduced allowance is
11 payable, the beneficiary shall receive one-half of the allowance
12 payable to the beneficiary until the date when the retired member
13 would have received the full retirement allowance for normal
14 retirement age. At that time, the beneficiary's allowance shall be
15 increased to the full amount payable to the beneficiary plus the
16 appropriate annual improvement factor increases and ad hoc
17 increases.

18 (i) This section shall not apply to a member who retires for
19 service pursuant to Section 24201.5, 24209, 24209.3, 24210,
20 24211, or 24212.

21 (j) This section shall not apply to a member subject to the
22 California Public Employees' Pension Reform Act of 2013.

23 SEC. 33. Section 24210 of the Education Code is amended to
24 read:

25 24210. Upon retirement for service following a prior disability
26 retirement granted pursuant to Chapter 26 (commencing with
27 Section 24100) that was terminated, the member shall receive a
28 service retirement allowance calculated pursuant to Section 24202,
29 24202.5, 24202.6, 24203, 24203.5, 24203.6, or 24206 and equal
30 to the sum of both of the following:

31 (a) An amount based on service credit accrued prior to the
32 effective date of the disability retirement, the member's age as of
33 the effective date of the service retirement, and indexed final
34 compensation to the effective date of the service retirement.

35 (b) An amount based on the service credit accrued after
36 termination of the disability retirement, the member's age as of
37 the effective date of service retirement, and final compensation.

38 SEC. 34. Section 24211 of the Education Code is amended to
39 read:

1 24211. When a member who has been granted a disability
2 allowance under this part after June 30, 1972, returns to
3 employment subject to coverage under the Defined Benefit
4 Program and performs:

5 (a) Less than three years of creditable service after termination
6 of the disability allowance, the member shall receive a retirement
7 allowance which is the sum of the allowance calculated on service
8 credit accrued after the termination date of the disability allowance,
9 *excluding service credited pursuant to Sections 22717 and 22717.5*
10 *or Chapter 14 (commencing with Section 22800) or Chapter 14.2*
11 *(commencing with Section 22820) or Chapter 19 (commencing*
12 *with Section 23200),* the age of the member on the last day of the
13 month in which the retirement allowance begins to accrue, and
14 final compensation using compensation earnable or projected final
15 compensation, or a combination of both, plus the greater of either
16 of the following:

17 (1) A service retirement allowance calculated on service credit
18 accrued as of the effective date of the disability allowance,
19 *excluding service credited pursuant to Sections 22717 and 22717.5*
20 *or Chapter 14 (commencing with Section 22800) or Chapter 14.2*
21 *(commencing with Section 22820) or Chapter 19 (commencing*
22 *with Section 23200),* the age of the member on the last day of the
23 month in which the retirement allowance begins to accrue, and
24 projected final compensation ~~excluding service credited pursuant~~
25 ~~to Sections 22717 and 22717.5 or Chapter 14 (commencing with~~
26 ~~Section 22800) or Chapter 14.2 (commencing with Section 22820)~~
27 ~~or Chapter 19 (commencing with Section 23200);~~ to the termination
28 date of the disability allowance.

29 (2) The disability allowance the member was eligible to receive
30 immediately prior to termination of that allowance, excluding
31 children's portions.

32 (b) Three or more years of creditable service after termination
33 of the disability allowance, the member shall receive a retirement
34 allowance that is the greater of the following:

35 (1) A service retirement allowance calculated on all actual and
36 projected service excluding service credited pursuant to Sections
37 22717 and 22717.5 or Chapter 14 (commencing with Section
38 22800) or Chapter 14.2 (commencing with Section 22820) or
39 Chapter 19 (commencing with Section 23200), the age of the
40 member on the last day of the month in which the retirement

1 allowance begins to accrue, and final compensation using
2 compensation earnable, or projected final compensation, or a
3 combination of both.

4 (2) The disability allowance the member was receiving
5 immediately prior to termination of that allowance, excluding
6 children's portions.

7 (c) The allowance shall be increased by an amount based on
8 any service credited pursuant to Sections 22714, 22715, 22717,
9 and 22717.5 or Chapter 14 (commencing with Section 22800) or
10 Chapter 14.2 (commencing with Section 22820) or Chapter 19
11 (commencing with Section 23200), and final compensation using
12 compensation earnable, or projected final compensation, or a
13 combination of both.

14 (d) If the total amount of credited service, other than projected
15 service or service that accrued pursuant to Sections 22714, 22715,
16 22717, 22717.5, and 22826, is equal to or greater than 30 years,
17 the amounts identified in subdivisions (a) and (b) shall be
18 calculated pursuant to Sections 24203.5 and 24203.6.

19 (e) For purposes of this section, final compensation shall not
20 be based on a determination of compensation earnable as described
21 in subdivision (e) of Section 22115.

22 (f) *Upon retirement, the member may elect to modify the service*
23 *retirement allowance payable in accordance with any option*
24 *provided under this part.*

25 SEC. 35. Section 24212 of the Education Code is amended to
26 read:

27 24212. (a) If a disability allowance granted under this part
28 after June 30, 1972, is terminated for reasons other than those
29 specified in Section 24213 and the member does not return to
30 employment subject to coverage under the Defined Benefit
31 Program, the member's service retirement allowance, when
32 payable, shall be based on projected service, excluding service
33 credited pursuant to Sections 22717 and 22717.5 or Chapter 14
34 (commencing with Section 22800) or Chapter 14.2 (commencing
35 with Section 22820), *or Chapter 19 (commencing with Section*
36 *23200)*, projected final compensation, and the age of the member
37 on the last day of the month in which the retirement allowance
38 begins to accrue. The allowance payable under this section,
39 excluding annuities payable from accumulated annuity deposit

1 contributions, shall not be greater than the terminated disability
2 allowance excluding children's portions.

3 (b) The allowance shall be increased by an amount based on
4 any service credited pursuant to Sections 22714, 22715, 22717,
5 and 22717.5 or Chapter 14 (commencing with Section 22800) or
6 Chapter 14.2 (commencing with Section 22820) or Chapter 19
7 (commencing with Section 23200) and final compensation using
8 compensation earnable, or projected final compensation, or a
9 combination of both.

10 (c) *If the total amount of credited service, other than projected*
11 *service or service that accrued pursuant to Sections 22714, 22715,*
12 *22717, 22717.5, and 22826, is equal to or greater than 30 years,*
13 *the amounts identified in subdivisions (a) and (b) shall be*
14 *calculated pursuant to Sections 24203.5 and 24203.6.*

15 (d) *Upon retirement, the member may elect to modify the service*
16 *retirement allowance payable in accordance with any option*
17 *provided under this part.*

18 SEC. 36. Section 24213 of the Education Code is amended to
19 read:

20 24213. (a) When a member who has been granted a disability
21 allowance under this part after June 30, 1972, attains normal
22 retirement age, or at a later date when there is no dependent child,
23 the disability allowance shall be terminated and the member shall
24 be eligible for service retirement. The retirement allowance shall
25 be calculated on the projected final compensation and projected
26 service to normal retirement age, excluding service credited
27 pursuant to ~~Section~~ Sections 22717 ~~or~~ and 22717.5, or Chapter 14
28 (commencing with Section 22800) or Chapter 14.2 (commencing
29 with Section 22820), *or Chapter 19 (commencing with Section*
30 *23200), and the age of the member on the last day of the month in*
31 *which the retirement allowance begins to accrue.* The allowance
32 payable under this section, excluding annuities payable from
33 accumulated annuity deposit contributions, shall not be greater
34 than the terminated disability allowance. The allowance shall be
35 increased by an amount based on any service credited pursuant to
36 Section 22714, 22715, 22717, or 22717.5, or Chapter 14
37 (commencing with Section 22800), Chapter 14.2 (commencing
38 with Section 22820), or Chapter 19 (commencing with Section
39 23200) and projected final compensation to normal retirement age,
40 *excluding children's portions.*

1 (b) Upon retirement, the member may elect to modify the service
2 retirement allowance payable in accordance with any option
3 provided under this part.

4 SEC. 37. Section 24214.5 of the Education Code is amended
5 to read:

6 24214.5. (a) (1) Notwithstanding subdivision (f) of Section
7 24214, the postretirement compensation limitation that shall apply
8 to the compensation paid in cash to the retired member for
9 performance of retired member activities, excluding
10 reimbursements paid by an employer for expenses incurred by the
11 ~~member~~, *member* in which payment of the expenses by the member
12 is substantiated, shall be zero dollars (\$0) during the first 180
13 calendar days after the most recent retirement of a member retired
14 for service under this part.

15 (2) For written agreements pertaining to the performance of
16 retired member activities entered into, extended, renewed, or
17 amended on or after January 1, 2014, the limitation in paragraph
18 (1) shall also apply to payments, including, but not limited to,
19 those for participation in a deferred compensation plan; to purchase
20 an annuity contract, tax-deferred retirement plan, or insurance
21 program; and for contributions to a plan that meets the requirements
22 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title
23 26 of the United States Code when the cost is covered by an
24 employer.

25 (b) If the retired member has attained normal retirement age at
26 the time the compensation is earned, subdivision (a) shall not apply
27 and Section 24214 shall apply if the appointment has been
28 approved by the governing body of the employer in a public
29 meeting, as reflected in a resolution adopted by the governing body
30 of the employer prior to the performance of retired member
31 activities, expressing its intent to seek an exemption from the
32 limitation specified in subdivision (a). Approval of the appointment
33 may not be placed on a consent calendar. Notwithstanding any
34 other provision of Article 3.5 (commencing with Section 6250) of
35 Division 7 of Title 1 of the Government Code or any state or
36 federal law incorporated by subdivision (k) of Section 6254 of the
37 Government Code, the resolution shall be subject to disclosure by
38 the entity adopting the resolution and the system. The resolution
39 shall include the following specific information and findings:

40 (1) The nature of the employment.

1 (2) A finding that the appointment is necessary to fill a critically
2 needed position before 180 calendar days have passed.

3 (3) A finding that the member is not ineligible for application
4 of this subdivision pursuant to subdivision (d).

5 (4) A finding that the termination of employment of the retired
6 member with the employer is not the basis for the need to acquire
7 the services of the member.

8 (c) Subdivision (b) shall not apply to a retired member whose
9 termination of employment with the employer is the basis for the
10 need to acquire the services of the member.

11 (d) Subdivision (b) shall not apply if the retired member received
12 additional service credit pursuant to Section 22714 or 22715 or
13 received from any public employer any financial inducement to
14 retire. For purposes of this section, “financial inducement to retire”
15 includes, but is not limited to, any form of compensation or other
16 payment that is paid directly or indirectly by a public employer to
17 the member, even if not in cash, either before or after retirement,
18 if the participant retires for service on or before a specific date or
19 specific range of dates established by a public employer on or
20 before the date the inducement is offered. The system shall liberally
21 interpret this subdivision to further the Legislature’s intent to make
22 subdivision (b) inapplicable to members if the member received
23 a financial incentive from any public employer to retire or
24 otherwise terminate employment with a public employer.

25 (e) The Superintendent, the county superintendent of schools,
26 or the chief executive officer of a community college shall submit
27 all documentation required by the system to substantiate the
28 eligibility of the retired member for application of subdivision (b),
29 including, but not limited to, the resolution adopted pursuant to
30 that subdivision.

31 (f) The documentation required by this section shall be received
32 by the system prior to the retired member’s performance of retired
33 member activities.

34 (g) Within 30 calendar days after the receipt of all
35 documentation required by the system pursuant to this section, the
36 system shall inform the entity seeking application of the exemption
37 specified in subdivision (b), and the retired member whether the
38 compensation paid to the member will be subject to the limitation
39 specified in subdivision (a).

(h) If a member retired for service under this part earns compensation for performing retired member activities in excess of the limitation specified in subdivision (a), the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction may be equal to the monthly allowance payable but may not exceed the amount of the allowance payable during the first 180 calendar days, after a member retired for service under this part.

(i) The amendments to this section enacted during the first year of the 2013–14 Regular Session shall apply to compensation paid on or after January 1, 2014.

SEC. 38. Section 24300 of the Education Code is amended to read:

24300. (a) A member may, ~~prior to the effective date of the member's~~ *upon application for retirement*, elect an option pursuant to this part that would provide an actuarially modified retirement allowance payable throughout the life of the member and the member's option beneficiary or beneficiaries, as follows:

(1) Option 2. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(2) Option 3. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(3) Option 4. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to two-thirds of the modified amount that the retired member was receiving shall be paid to the surviving retired member or the surviving option beneficiary.

(4) Option 5. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the surviving retired member or surviving option beneficiary.

1 (5) Option 6. The modified retirement allowance shall be paid
2 to the retired member and upon the retired member's death, an
3 allowance equal to the modified amount that the retired member
4 was receiving shall be paid to the option beneficiary. ~~However, if~~
5 ~~the option beneficiary predeceases the retired member, the~~
6 ~~retirement allowance without modification for the option shall be~~
7 ~~payable to the retired member. If the option beneficiary predeceases~~
8 ~~the retired member, the retired member may designate a new option~~
9 ~~beneficiary. The effective date of the new designation shall be six~~
10 ~~months following the date notification is received by the board,~~
11 ~~so long as both the retired member and the designated option~~
12 ~~beneficiary are then living. Notification shall be on a properly~~
13 ~~executed form for the new designation. The designation of the new~~
14 ~~option beneficiary under this subdivision is subject to an actuarial~~
15 ~~modification of the unmodified retirement allowance and shall not~~
16 ~~result in any additional liability to the fund. The new option~~
17 ~~beneficiary shall not be an existing option beneficiary.~~

18 (6) Option 7. The modified retirement allowance shall be paid
19 to the retired member and upon the retired member's death, an
20 allowance equal to one-half of the modified amount the retired
21 member was receiving shall be paid to the option beneficiary.
22 ~~However, if the option beneficiary predeceases the retired member,~~
23 ~~the retirement allowance without modification for the option shall~~
24 ~~be payable to the retired member. If the option beneficiary~~
25 ~~predeceases the retired member, the retired member may designate~~
26 ~~a new option beneficiary. The effective date of the new designation~~
27 ~~shall be six months following the date notification is received by~~
28 ~~the board, provided both the retired member and the designated~~
29 ~~option beneficiary are then living. Notification shall be on a~~
30 ~~properly executed form for the new designation. The designation~~
31 ~~of the new option beneficiary under this subdivision is subject to~~
32 ~~an actuarial modification of the unmodified retirement allowance~~
33 ~~and shall not result in any additional liability to the fund. The new~~
34 ~~option beneficiary shall not be an existing option beneficiary.~~

35 (7) Option 8. (A) ~~Any member, prior to the effective date of~~
36 ~~the member's retirement, A member~~ may designate multiple option
37 beneficiaries. The member who has designated more than one
38 option beneficiary shall elect an option that the member is
39 authorized to elect subject to subdivision (e) for each beneficiary
40 designated that would provide an actuarially modified retirement

1 allowance payable throughout the lives of the member and the
2 member's option beneficiaries *upon the member's death*.

3 (B) The modified retirement allowance shall be paid to the
4 retired member as long as the retired member and at least one of
5 the option beneficiaries are living. Upon the retired member's
6 death, an allowance shall be paid to each surviving option
7 beneficiary in accordance with the option elected respective to that
8 beneficiary. ~~However, if one or more of the option beneficiaries~~
9 ~~predeceases the retired member, the retired member's allowance~~
10 ~~shall be adjusted in accordance with the option elected for the~~
11 ~~deceased beneficiary.~~ The member shall determine the percentage
12 of the unmodified allowance that will be modified by the election
13 of Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7
14 within this option, the aggregate of which shall equal 100 percent
15 of the member's unmodified allowance. The election of this option
16 is subject to approval by the board.

17 (C) A member who is a party to an action for legal separation
18 or dissolution of marriage and who is required by court order to
19 designate a spouse or former spouse as an option beneficiary may
20 designate his or her spouse or former spouse as a sole option
21 beneficiary under subparagraphs (A) and (B). The member shall
22 specify the option elected for the spouse or former spouse and the
23 percentage of his or her unmodified allowance to be modified by
24 the option, consistent with the court order. The percentage of the
25 member's unmodified allowance that is not modified by the option
26 shall remain an unmodified allowance payable to the member. The
27 aggregate of the percentages specified for the option beneficiary
28 and the member's remaining unmodified allowance, if any, shall
29 equal 100 percent.

30 (b) For purposes of this section, the member shall designate an
31 option beneficiary on a ~~form prescribed by the system, which shall~~
32 ~~be duly executed and filed with the system at the time of the~~
33 ~~member's retirement properly executed retirement application.~~
34 *Except as otherwise provided by this chapter, the option shall*
35 *become effective on the member's benefit effective date.*

36 (c) A member may revoke or change an election of an option
37 at any time prior to the effective date of the member's retirement
38 under this part. A revocation or change of an option may not be
39 made in derogation of a spouse's or former spouse's community
40 property rights as specified in a court order.

(d) On or before July 1, 2004, the board shall evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section 26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing complexity in the election of options and annuities by members and participants. The changes to the options and annuities may have no net actuarial impact on the retirement fund, and the board may establish any eligibility criteria it deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment pursuant to this subdivision.

(e) Any member or participant who retired and elected an option or a joint and survivor annuity, or who filed a preretirement election of an option prior to the effective date of the plan amendment made pursuant to subdivision (d), may elect to change to a different option or joint and survivor annuity, as modified by the board as a plan amendment pursuant to subdivision (d), if the member or participant meets all the criteria established by the board to prevent a change in an option or joint and survivor annuity from having an adverse actuarial impact on the retirement fund, including, but not limited to, the effective date of a new designation or limitations on any changes if a member or participant, as the case may be, or beneficiary, or both, is currently not living or afflicted with a known terminal illness. The member or participant shall designate the change during the six-month period that begins with the effective date of the plan amendment, on a form prescribed by the system. Any member changing an option election pursuant to this subdivision is not subject to the allowance reduction prescribed in Section 24309 or 24310 as a result of the election. If a member or participant elects to change his or her option or joint and survivor

1 annuity under this subdivision, the member or participant shall
2 retain the same option beneficiary or beneficiaries as named in the
3 prior designation.

4 (f) The Legislature reserves the right to modify this section prior
5 to the effective date of the plan amendment made pursuant to
6 subdivision (d) to prevent any actuarial impact to the fund.

7 ~~(g) Except as described in subdivision (d) of Section 24300.1,~~
8 ~~on~~ On or after January 1, 2007, a member may not make a new
9 election for an option or joint and survivor annuity described in
10 subdivision (a).

11 (h) Any member with a retirement effective on or after January
12 1, 2007, shall elect an option from the options described in Section
13 24300.1. Any member making a new option election under the
14 provisions of Section ~~24300.6, 24305.5, or 24306~~ 24320, 24321,
15 24322, or 24323 shall elect an option from the options described
16 in Section 24300.1 if the effective date of the new option election
17 is on or after January 1, 2007.

18 SEC. 39. Section 24300.1 of the Education Code is amended
19 to read:

20 24300.1. (a) A member may, upon application for retirement,
21 elect an option pursuant to this part that would provide an
22 actuarially modified retirement allowance payable throughout the
23 life of the member and the member's option beneficiary or
24 beneficiaries, as follows:

25 (1) One hundred percent beneficiary option. The modified
26 retirement allowance shall be paid to the member and upon the
27 *retired* member's death, 100 percent of the modified allowance
28 shall continue to be paid to the option beneficiary.

29 (2) Seventy-five percent beneficiary option. The modified
30 retirement allowance shall be paid to the member and upon the
31 *retired* member's death, 75 percent of the modified allowance shall
32 continue to be paid to the option beneficiary. Pursuant to Section
33 401(a)(9) of the Internal Revenue Code, unless the option
34 beneficiary is the member's spouse or former spouse who has been
35 awarded a community property interest in the benefits of the
36 member under this part, the member may not designate an option
37 beneficiary under this option who is more than exactly 19 years
38 younger than the member.

39 (3) Fifty percent beneficiary option. The modified retirement
40 allowance shall be paid to the *retired* member and upon the ~~death~~

1 ~~of the member~~ *members' death*, 50 percent of the modified
2 allowance shall continue to be paid to the option beneficiary.

3 (4) Compound option. The member may designate multiple
4 option beneficiaries or one or multiple option beneficiaries with
5 a designated percentage to remain unmodified. The member shall
6 elect an option as described in paragraph (1), (2), or (3) for each
7 designated option beneficiary that would provide an actuarially
8 modified retirement allowance payable throughout the lives of the
9 *retired* member and the member's option beneficiary or
10 beneficiaries *upon the member's death*.

11 (A) The modified retirement allowance shall be paid to the
12 member as long as the member and at least one option beneficiary
13 is living. Upon the member's death, an allowance shall be paid to
14 each surviving option beneficiary in accordance with the option
15 elected respective to that option beneficiary. ~~If an option~~
16 ~~beneficiary predeceases the member, the member's allowance shall~~
17 ~~be adjusted in accordance with the option elected for the deceased~~
18 ~~option beneficiary.~~

19 (B) The member shall specify the percent of the unmodified
20 allowance that will be modified by the election of each option
21 described in paragraph (1), (2), or (3) of this subdivision. The
22 percent of the unmodified allowance that is not modified by an
23 option, if any, shall be payable to the member. The sum of the
24 percentages specified for the option beneficiary or beneficiaries
25 and the member's remaining unmodified allowance, if any, shall
26 equal 100 percent.

27 (C) The member's election of the compound option is subject
28 to all of the following:

29 (i) Pursuant to Section 401(a)(9) of the Internal Revenue Code,
30 unless the option beneficiary is the member's spouse or former
31 spouse who has been awarded a community property interest in
32 the member's benefits under this part, the member may not
33 designate an option beneficiary under the 100 percent beneficiary
34 option within this compound option who is more than exactly 10
35 years younger than the member.

36 (ii) Pursuant to Section 401(a)(9) of the Internal Revenue Code,
37 unless the option beneficiary is the member's spouse or former
38 spouse who has been awarded a community property interest in
39 the member's benefits under this part, the member may not
40 designate an option beneficiary under the 75 percent beneficiary

1 option within this compound option who is more than exactly 19
2 years younger than the member.

3 (b) For purposes of this section, the member shall designate an
4 option beneficiary on a properly executed retirement application.
5 Except as otherwise provided by this chapter, the option shall
6 become effective on the member's ~~retirement~~ *benefit effective* date.

7 (c) A member may revoke or change an election of an option
8 no later than 30 days from the date the member's initial benefit
9 payment for the member's most recent retirement under the Defined
10 Benefit Program is paid by the system. A revocation of an option
11 may not be made in derogation of a spouse's or a former spouse's
12 community property rights as specified in a court order.

13 ~~(d) If an option beneficiary designated pursuant to paragraphs~~
14 ~~(1) to (3), inclusive, of subdivision (a) predeceases the member,~~
15 ~~the retirement allowance shall be paid to the member without~~
16 ~~modification for the option. If the option beneficiary predeceases~~
17 ~~the member, the member may designate a new option beneficiary.~~
18 ~~The effective date of the new designation shall be six months~~
19 ~~following the date of notification is received by the board, provided~~
20 ~~both the member and the designated option beneficiary are then~~
21 ~~living. Notification shall be on a properly executed form provided~~
22 ~~by the system. The designation of the new option beneficiary~~
23 ~~pursuant to this subdivision is subject to an actuarial modification~~
24 ~~of the unmodified retirement allowance and may not result in~~
25 ~~additional liability to the fund. The new option beneficiary cannot~~
26 ~~be an existing option beneficiary.~~

27 (e)

28 (d) Notwithstanding Section 297 or 299.2 of the Family Code,
29 a spouse described in paragraphs (2) and (4) of subdivision (a)
30 does not include the domestic partner of the member, pursuant to
31 Section 7 of Title 1 of the United States Code.

32 (f)

33 (e) If there is a determination of community property rights as
34 described in Chapter 12 (commencing with Section 22650) of this
35 part on or before December 31, 2006, the member may elect the
36 option that is required by the judgment or court order. Nothing in
37 this part shall permit the member to change the option to the
38 detriment of the community property interest of the nonmember
39 spouse.

40 (g)

(f) The board may evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section 26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of the members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing the complexity of the options and annuities. The changes to the options and annuities may have no net actuarial impact on the retirement fund and the board may establish any eligibility criteria the board deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment to this subdivision.

SEC. 40. Section 24300.2 of the Education Code is amended and renumbered to read:

~~24300.2.~~

24345. (a) A member who retired and elected an option pursuant to Section 24300 may elect to change options, subject to all of the following:

(1) A member who elected Option 2 may elect to change to the 100-percent beneficiary option described in paragraph (1) or the 75-percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(2) A member who elected Option 3, Option 4, or Option 5 may elect to change to the 75-percent beneficiary option described in paragraph (2) or the 50-percent beneficiary option described in paragraph (3) of subdivision (a) of Section 24300.1.

(3) A member who elected Option 6 or Option 7 may elect to change to the 75-percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(4) A member who elected Option 8 may elect to have any designated percentage of his or her unmodified allowance changed in accordance with paragraph (1), (2), or (3).

1 (5) The election by a member under this section is made on or
2 after January 1, 2007, and prior to July 1, 2007.

3 (6) The member designates the same beneficiary that was
4 designated under the prior option elected by the member, if the
5 option and beneficiary designation were effective on or before
6 December 31, 2006.

7 (7) The member and the option beneficiary are not afflicted
8 with a known terminal illness and the member declares, under
9 penalty of perjury under the laws of this state, that to the best of
10 his or her knowledge, he or she and the option beneficiary are not
11 afflicted with a known terminal illness.

12 (8) The option beneficiary has not predeceased the member as
13 of the effective date of the change in the option by the member.

14 (b) The change in the option by the member shall be effective
15 on the date the election is signed, provided that the election is on
16 a properly executed form provided by the system and that election
17 is received at the system's headquarters office within 30 days after
18 the date the election is signed.

19 (c) After receipt of a member's election document, the system
20 shall mail an acknowledgment notice to the member that sets forth
21 the new option elected by the member.

22 (d) If the member and the option beneficiary are alive and not
23 afflicted with a known terminal illness, a member may cancel the
24 election to change options and elect to receive the benefit according
25 to the preexisting option election. After cancellation, the member
26 may elect to make a one-time change from the preexisting option
27 to any other option provided by and subject to the restrictions of
28 paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation
29 or the cancellation and one-time change shall be made on a properly
30 executed form provided by the system and shall be received at the
31 system's headquarters office no later than 30 calendar days
32 following the date of mailing of the acknowledgment notice. If
33 the member elects to make the one-time change provided by this
34 subdivision, the change shall be effective as of the member's
35 signature date on the initial election to change.

36 (e) If the system is unable to mail an acknowledgment notice
37 to the member on or before June 1, 2007, or prior to the end of the
38 election period, provided that the member and the option
39 beneficiary are alive and not afflicted with a known terminal
40 illness, the system shall allow a member to cancel the election to

1 change options and elect to receive the benefit according to the
2 preexisting option election. After cancellation, the member may
3 elect to make a one-time change from the preexisting option to
4 any other option provided by and subject to the restrictions of
5 paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation
6 or the cancellation and one-time change may be made after the
7 end of the election period if it is made on a properly executed form
8 provided by the system and is received at the system's headquarters
9 office no later than 30 days following the date of the
10 acknowledgment notice. If the member elects to make the one-time
11 change provided by this subdivision, the change shall be effective
12 as of the member's signature date on the initial election to change.

13 (f) If the member elects to change his or her option as described
14 in subdivision (a), the retirement allowance of the member shall
15 be modified in a manner determined by the board to prevent any
16 additional liability to the plan.

17 (g) The member shall not change options in derogation of a
18 spouse's or former spouse's community property rights as specified
19 in a court order.

20 SEC. 41. Section 24300.5 of the Education Code is amended
21 and renumbered to read:

22 ~~24300.5:~~

23 ~~24345.~~ An option beneficiary who is receiving an allowance
24 pursuant to the option elected by the member may designate a
25 beneficiary to receive any allowance that has accrued and is unpaid,
26 and any remaining balance of the retired member's accumulated
27 retirement contributions payable pursuant to Section 23881, upon
28 the death of the option beneficiary.

29 SEC. 42. Section 24300.6 of the Education Code is amended
30 and renumbered to read:

31 ~~24300.6:~~

32 ~~24321.~~ (a) Any retired member who was unmarried and not
33 in a registered domestic partnership on the *benefit* effective date
34 ~~of retirement~~ who did not elect an option pursuant to Section 24300
35 ~~or, 24300.1, or 24307,~~ and who thereafter marries or registers in
36 a domestic partnership, may, after the effective date of the
37 member's retirement under this part, elect an option described in
38 paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1,
39 naming his or her new spouse or registered domestic partner as
40 the option beneficiary, subject to all of the following:

1 (1) The retired member shall have been married or registered
2 in a domestic partnership for at least one year prior to making the
3 election of the option.

4 (2) The retired member shall notify the board, in writing on a
5 properly executed form provided by the system, of the election of
6 the option and the designation of the member's new spouse or
7 registered domestic partner as the option beneficiary. That notice
8 shall include a certified copy of the marriage certificate or the
9 certificate of registration of domestic partnership.

10 (3) The election of an option under this section is subject to
11 approval by the board. A retired member may not elect a joint and
12 survivor option that would result in any additional liability to the
13 retirement fund. A retired member may not elect the compound
14 option described in paragraph (4) of subdivision (a) of Section
15 24300.1.

16 (4) The election shall be effective six months after the date the
17 notification is received by the board, provided that both the retired
18 member and the retired member's designated spouse or registered
19 domestic partner are then living. If the effective date of the new
20 option election is on or after January 1, 2007, at the time of the
21 new election the retired member shall elect an option from the
22 options described in *paragraph (1), (2), or (3) of subdivision (a)*
23 *of Section 24300.1. If, before the new election becomes effective,*
24 *the member terminates his or her benefit pursuant to Section 24208*
25 *or the retired member or the new option beneficiary dies, the new*
26 *election is void and the unmodified election remains in effect.*

27 (b) The election of the option and designation of the option
28 beneficiary under this section shall result in an actuarial
29 modification of the member's retirement allowance that shall be
30 payable through the life of the member and the member's new
31 spouse or registered domestic partner. Modification of the
32 member's retirement allowance pursuant to this section shall be
33 based on the ages of the retired member and the retired member's
34 new spouse or registered domestic partner as of the effective date
35 of the election.

36 SEC. 43. Section 24301 of the Education Code is amended
37 and renumbered to read:

38 ~~24301.~~

39 24332. (a) A member upon application for a disability
40 retirement pursuant to Chapter 26 (commencing with Section

1 24100), may elect, as provided in Section 24300 or 24300.1 to
2 receive an actuarially modified disability retirement allowance.

3 (b) For purposes of this section, the member shall either elect
4 to receive an unmodified allowance or designate an option
5 beneficiary on a properly executed form prescribed by the system,
6 either of which shall be filed with the system on or before the last
7 day of the month in which the member's disability retirement is
8 approved by the system. The option shall become effective on the
9 effective date of the disability retirement allowance. The
10 modification of the disability retirement allowance under the option
11 elected shall be based on the ages of the retired member and the
12 designated option beneficiary as of the effective date of the
13 disability retirement. The modification shall be applicable only to
14 the disability retirement allowance payable pursuant to subdivision
15 (a) of Section 24106.

16 (c) Except as provided in Sections 24300, 24300.1, ~~24300.6,~~
17 ~~24305, 24305.5, and 24306,~~ 24320, 24321, 24322, and 24323, a
18 member may revoke or change an election of an option no later
19 than 30 days from the date of the member's initial disability
20 retirement benefit payment.

21 (d) If a member dies prior to electing an unmodified allowance
22 or an option, the death benefits shall be payable under Chapter 23
23 (commencing with Section 23850), regardless of whether the
24 disability retirement application is or would have been approved.

25 SEC. 44. Section 24302 of the Education Code is amended
26 and renumbered to read:

27 ~~24302.~~

28 ~~24311.~~ Upon termination of a service retirement allowance
29 pursuant to Section 24208, any option elected pursuant to Section
30 24300 or 24300.1 and in effect at the time of reinstatement shall
31 be considered to be a preretirement election of an option elected
32 as of the effective date of ~~that~~ *the most recent* retirement and shall
33 be subject to the same provisions as an option elected under Section
34 24307.

35 SEC. 45. Section 24303 of the Education Code is amended
36 and renumbered to read:

37 ~~24303.~~

38 ~~24312.~~ Termination of the service retirement allowance
39 pursuant to Section 24208 shall not cancel an option elected under
40 the provisions of Section ~~24300, 24300.1, or 24307.~~ ~~The option~~

1 ~~elected shall remain in effect, unchanged, and shall be reapplied~~
2 ~~to the allowance payable upon the subsequent service retirement.~~
3 ~~The effective date of the option shall be considered the effective~~
4 ~~date of the terminated service retirement allowance as described~~
5 ~~in Section 24302 remain the original election date pursuant to~~
6 ~~Section 24307.~~

7 SEC. 46. Section 24304 of the Education Code is amended
8 and renumbered to read:

9 ~~24304.~~

10 24333. Upon termination of a disability retirement allowance
11 pursuant to Section 24117, any option elected at the time of
12 retirement pursuant to Section ~~24304~~ 24332 shall be void as of the
13 effective date of the reinstatement. The preretirement election of
14 option subsequent to termination of the allowance pursuant to
15 Section 24117 shall be subject to the following:

16 (a) A member may not make a preretirement election of option
17 pursuant to Section 24307 prior to becoming qualified to make
18 application for service retirement under Section 24201 or Section
19 24203.

20 (b) A member who was receiving an unmodified disability
21 retirement allowance prior to termination of the allowance may
22 not make a preretirement election of option earlier than six months
23 following the date on which the disability retirement allowance
24 was terminated pursuant to Section 24117.

25 (c) A member who has elected an option pursuant to Section
26 ~~24304~~ 24332, and is otherwise eligible to make a preretirement
27 election of an option, may make the election anytime during the
28 six months following the date on which the disability retirement
29 allowance was terminated pursuant to Section 24117. The member
30 shall elect the same option and designate the same option
31 beneficiary as designated under Section ~~24304~~ 24332 when making
32 the election during the six-month period following the date the
33 disability retirement allowance was terminated.

34 SEC. 47. Section 24305 of the Education Code is amended
35 and renumbered to read:

36 ~~24305.~~

37 24322. (a) An option elected under Section 24300 ~~or~~, 24300.1,
38 ~~or~~ 24307 may be canceled by a retired member if the option
39 beneficiary is the retired member's spouse or former spouse and
40 a final decree of dissolution of marriage or a judgment of nullity

1 has been entered or an order of separate maintenance has been
2 made on or after January 1, 1978, by a court of competent
3 jurisdiction. A retired member may cancel the option before or
4 after issuance of the first retirement allowance payment.

5 (b) The retired member shall notify the board in writing of
6 cancellation of the option. Notification shall not be earlier than
7 the effective date of the decree, judgment, or order and shall include
8 a certified copy of the final decree of dissolution, or judgment of
9 nullity, or an order of separate maintenance, and any property
10 settlement agreement.

11 (c) Upon notification to the board, the retired member may ~~elect~~
12 *elect*: (1) to receive the unmodified retirement allowance from the
13 date of receipt of the notification; or (2) a new joint and survivor
14 option under Section 24300.1 and may designate one or multiple
15 new option beneficiaries. Modification of the retirement allowance
16 because of the newly elected option or newly designated
17 beneficiary or beneficiaries shall be based on the ages of the retired
18 member and the new option beneficiary or beneficiaries as of the
19 effective date of the new option. The election of a new joint and
20 survivor option or the designation of a new option beneficiary or
21 beneficiaries shall be consistent with the final decree of dissolution,
22 judgment of nullity, order of separate maintenance, or property
23 settlement agreement, and shall not result in any additional liability
24 to the Teachers' Retirement Fund. The effective date of the change
25 shall be the date notification is received by the board.

26 SEC. 48. Section 24305.3 of the Education Code, as amended
27 by Section 39 of Chapter 655 of the Statutes of 2006, is amended
28 and renumbered to read:

29 ~~24305.3.~~

30 24324. (a) A member who is receiving a joint and survivor
31 annuity under the Defined Benefit Supplement Program may
32 change the annuity or the annuity beneficiary elected pursuant to
33 Section 25011, 25011.1, 25018, or 25018.1, provided all of the
34 following conditions are met:

35 (1) The annuity beneficiary is the member's spouse or former
36 spouse.

37 (2) A final decree of dissolution of marriage is granted, or a
38 judgment of nullity is entered, or an order of separate maintenance
39 is made by a court of competent jurisdiction with respect to the
40 member and the spouse or former spouse on or after the beginning

1 of the initial plan year designated by the board pursuant to Section
2 22156.05.

3 (3) The change is consistent with the final decree of dissolution,
4 judgment of nullity, or order of separate maintenance.

5 (b) A member may change the annuity pursuant to subdivision
6 (a) before or after the first annuity payment is issued.

7 (c) The member shall notify the system in writing of the change
8 in the annuity. The notification shall not be earlier than the effective
9 date of the final decree of dissolution, judgment of nullity, or order
10 of separate maintenance and shall include a certified copy of the
11 final decree of dissolution, judgment of nullity, or order of separate
12 maintenance, and any property settlement agreement.

13 (d) A change in the annuity or annuity beneficiary or both shall
14 become effective on the date the notification of change is received
15 by the system. The annuity amount payable to the member upon
16 the change elected by the member shall be determined as of the
17 effective date of the change and shall be the actuarial equivalent
18 of the lump sum that would otherwise be payable to the member
19 as of the date of the change. If the member elects a joint and
20 survivor annuity, the amount payable under the annuity shall be
21 modified consistent with the annuity elected by the member.

22 SEC. 49. Section 24305.3 of the Education Code, as added by
23 Section 56 of Chapter 74 of the Statutes of 2000, is repealed.

24 ~~24305.3.—(a) A member who is receiving a joint and survivor~~
25 ~~annuity under the Defined Benefit Supplement Program may~~
26 ~~change the annuity or the annuity beneficiary elected pursuant to~~
27 ~~Section 25011 or 25018 provided all of the following conditions~~
28 ~~are met:~~

29 ~~(1) The annuity beneficiary is the member's spouse or former~~
30 ~~spouse.~~

31 ~~(2) A final decree of dissolution of marriage is granted, or a~~
32 ~~judgment of nullity is entered, or an order of separate maintenance~~
33 ~~is made by a court of competent jurisdiction with respect to the~~
34 ~~member and the spouse or former spouse on or after the beginning~~
35 ~~of the initial plan year designated by the board pursuant to Section~~
36 ~~22156.05.~~

37 ~~(3) The change is consistent with the final decree of dissolution,~~
38 ~~judgment of nullity, or order of separate maintenance.~~

39 ~~(b) A member may change the annuity pursuant to subdivision~~
40 ~~(a) before or after the first annuity payment is issued.~~

1 ~~(e) The member shall notify the system in writing of the change~~
2 ~~in the annuity. The notification shall not be earlier than the effective~~
3 ~~date of the final decree of dissolution, judgment of nullity, or order~~
4 ~~of separate maintenance and shall include a certified copy of the~~
5 ~~final decree of dissolution, judgment of nullity, or order of separate~~
6 ~~maintenance, and any property settlement agreement.~~

7 ~~(d) A change in the annuity or annuity beneficiary or both shall~~
8 ~~become effective on the date the notification of change is received~~
9 ~~by the system. The annuity amount payable to the member upon~~
10 ~~the change elected by the member shall be determined as of the~~
11 ~~effective date of the change and shall be the actuarial equivalent~~
12 ~~of the lump sum that would otherwise be payable to the member~~
13 ~~as of the date of the change. If the member elects a joint and~~
14 ~~survivor annuity, the amount payable under the annuity shall be~~
15 ~~modified consistent with the annuity elected by the member.~~

16 SEC. 50. Section 24305.5 of the Education Code is amended
17 and renumbered to read:

18 ~~24305.5.~~

19 24320. (a) An option elected under Section 24300 or 24300.1
20 may be canceled by a retired member if the option beneficiary is
21 not the retired member's spouse or former spouse. A retired
22 member may cancel the option before or after issuance of the first
23 retirement allowance payment and shall designate his or her spouse
24 as the new option beneficiary and the same or a different joint and
25 survivor option described in Section 24300.1.

26 (b) The retired member shall notify the board, in writing on a
27 properly executed form provided by the system, of the designation
28 of the new option beneficiary. Notification shall include a certified
29 copy of the marriage certificate and a properly executed form for
30 the change.

31 (c) The effective date of the new election shall be six months
32 following the date notification is received by the board, provided
33 both the retired member and the new designated option beneficiary
34 are then living. If the effective date of the new option election is
35 on or after January 1, 2007, at the time of the new election the
36 retired member shall elect an option from the options described in
37 Section 24300.1. *If, before the new election becomes effective, the*
38 *member terminates his or her benefit pursuant to Section 24208*
39 *or the retired member or the new option beneficiary dies, the new*
40 *election is void and the previous election remains in effect.*

(d) The election of the option and designation of the option beneficiaries under this section and Section 24300.1 shall be subject to an actuarial modification of the retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund. A retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1. Modification of the retirement allowance because of the new option beneficiary and the new option shall be based on the ages of the retired member and the new option beneficiary as of the effective date of the new election.

SEC. 51. Section 24306 of the Education Code is amended and renumbered to read:

~~24306.~~

24323. (a) ~~(1)~~ If an option beneficiary designated in the election of an Option ~~2, 2 or Option 3, Option 4, or Option 5~~ 3 as described in Section 24300 predeceases the retired member, the retired member may elect a new joint and survivor option described in ~~paragraphs (1) to (4), inclusive, paragraph (1), (2), (3), or (4)~~ of subdivision (a) of Section 24300.1 and designate one or multiple new option beneficiaries.

(b) *If an option beneficiary designated in the election of an Option 4 or Option 5 as described in Section 24300 predeceases the retired member, a retirement allowance adjusted for the specified option shall be payable to the retired member and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. The retired member may elect a new joint and survivor option described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 and designate one or multiple new option beneficiaries.*

~~(2)~~

(c) If an option beneficiary designated in the election of Option ~~2, 2 or Option 3, Option 4, or Option 5~~ 3 within Option 8 as described in Section 24300, predeceases the *retired* member, the *retired* member may elect a new joint and survivor option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 and designate a new option beneficiary for the portion of the retirement allowance that was modified for the prior option beneficiary. The *retired* member may not elect the compound

1 option described in paragraph (4) of subdivision (a) of Section
2 24300.1.

3 ~~(3) The effective date of the change shall be six months~~
4 ~~following the date notification is received by the board, provided~~
5 ~~both the retired member and the designated option beneficiary are~~
6 ~~then living. Notification shall include proof of death of the~~
7 ~~predeceased beneficiary and a properly executed form provided~~
8 ~~by the system. If the effective date of the new option election is~~
9 ~~on or after January 1, 2007, at the time of the new election the~~
10 ~~retired member shall elect an option from the options described in~~
11 ~~Section 24300.1.~~

12 ~~(4) The election of the new joint and survivor option under this~~
13 ~~subdivision and Section 24300.1 is subject to an actuarial~~
14 ~~modification of the retirement allowance. In no event may a retired~~
15 ~~member elect a joint and survivor option that would result in any~~
16 ~~additional liability to the fund.~~

17 *(d) If an option beneficiary designated in the election of Option*
18 *4 or 5 within Option 8 as described in Section 24300 predeceases*
19 *the retired member, a retirement allowance adjusted for the*
20 *specified option for the portion of the benefit allocated to that*
21 *beneficiary shall be payable to the retired member and shall*
22 *commence to accrue to the retired member as of the day following*
23 *the date of the death of the option beneficiary. The retired member*
24 *may elect a new joint and survivor option described in paragraph*
25 *(1), (2), or (3) of subdivision (a) of Section 24300.1 for that portion*
26 *of the retirement allowance that was modified for the prior option*
27 *beneficiary and designate a new option beneficiary. The retired*
28 *member may not elect the compound option described in paragraph*
29 *(4) of subdivision (a) of Section 24300.1.*

30 ~~(b)~~

31 *(e) If an option beneficiary designated in the election of an*
32 *Option 6 or Option 7 or in the election of Option 6 or Option 7*
33 *within Option 8, pursuant to Section 24300 predeceases the retired*
34 *member, that portion of the retirement allowance attributable to*
35 *Option 6 or Option 7 without modification for the option shall be*
36 *payable to the retired member upon notification to the board and*
37 *shall commence to accrue to the retired member as of the day*
38 *following the date of the death of the option beneficiary.*
39 ~~Notification to the board shall include proof of death of the~~
40 ~~beneficiary. The retired member may designate a new beneficiary~~

1 *for that portion of the retirement allowance within the same option*
2 *designated for the prior beneficiary.*

3 (e)

4 (f) If an option beneficiary designated in the election of an option
5 pursuant to ~~paragraphs (1) to (3), inclusive,~~ *paragraph (1), (2),*
6 *(3), or (4)* of subdivision (a) of Section 24300.1 predeceases the
7 member, that portion of the retirement allowance attributable to
8 the option without modification for the option shall be payable to
9 the member upon notification to the board and shall commence to
10 accrue to the retired member as of the day following the date of
11 the death of the option beneficiary. Notification to the board shall
12 include proof of death of the beneficiary. *The retired member may*
13 *designate a new beneficiary for that portion of the retirement*
14 *allowance within the same option designated for the prior*
15 *beneficiary.*

16 (g) *The retired member shall submit proof of death of the prior*
17 *beneficiary before making a new beneficiary election under this*
18 *section. The effective date of any new election under this section*
19 *shall be six months following the date notification is received by*
20 *the board provided both the retired member and the newly*
21 *designated option beneficiary are living the date the new election*
22 *is to become effective. Notification shall be on a properly-executed*
23 *form prescribed by the system for the new designation.*

24 (h) *If, before the new election becomes effective, the member*
25 *reinstates pursuant to Section 24208 or the retired member or new*
26 *option beneficiary dies, the new election is void.*

27 (i) *If the retired member is eligible to elect a new option and*
28 *the effective date of the new option election is on or after January*
29 *1, 2007, at the time of the new election the retired member shall*
30 *elect an option from the options described in Section 24300.1.*

31 (j) *The election of the new joint and survivor option under this*
32 *section and Section 24300.1 is subject to an actuarial modification*
33 *of the retirement allowance. In no event may a retired member*
34 *elect a joint and survivor option that would result in any additional*
35 *liability to the fund.*

36 (k) *The new option beneficiary cannot be an existing option*
37 *beneficiary for that member designated under paragraph (7) of*
38 *subdivision (a) of Section 24300 or paragraph (4) of subdivision*
39 *(a) of Section 24300.1.*

SEC. 52. Section 24306.5 of the Education Code is amended and renumbered to read:

~~24306.5.~~

24341. (a) A member who retired for service under Option 2 or Option 3 with an effective date prior to January 1, 1991, may elect to change Option 2 to Option 6 or Option 3 to Option 7 under all of the following conditions:

(1) The election is made during the six-month period commencing July 1, 1994, and ending December 31, 1994.

(2) The same beneficiary under Option 2 or Option 3 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and ~~24305~~ 24322.

(4) The option beneficiary is not afflicted with any known terminal illness and the retired member shall state under penalty of perjury that to the best of his or her knowledge the option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in options.

(b) The change in options shall be effective on the date the election is signed, provided that the election is received at the system's headquarters office within 30 days after the date of the signature.

(c) If an election to change options is made pursuant to this section, the modified allowance shall be reduced in a manner determined by the board to ensure that no additional liability shall be incurred by the plan pursuant to this section.

SEC. 53. Section 24306.7 of the Education Code is amended and renumbered to read:

~~24306.7.~~

24324. (a) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, may elect to change Option 4 to Option 6 or Option 5 to Option 7 if all of the following conditions are met:

(1) The election is made during the three-month period commencing January 1, 1999, and ending March 31, 1999.

(2) The same beneficiary under Option 4 or Option 5 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and ~~24305~~ 24322.

1 (4) The option beneficiary is not afflicted with any known
2 terminal illness.

3 (5) The option beneficiary has not predeceased the retired
4 member as of the effective date of the change in option.

5 (6) The election to change the option under this section is
6 received at the system's headquarters office ~~as described in Section~~
7 ~~22375~~ at least 30 days prior to the death of the option beneficiary.

8 (b) Failure to satisfy all of the conditions in subdivision (a) shall
9 render the change of election invalid.

10 (c) The change in options under this section shall be effective
11 on the date the election is signed, provided all the conditions set
12 forth in subdivision (a) are satisfied and the election is received at
13 the system's headquarters office within 30 days after the date of
14 the signature.

15 (d) The election of a new joint and survivor option under this
16 section is subject to a further modification of the modified
17 retirement allowance. In no event may a retired member elect a
18 joint and survivor option that would result in any additional liability
19 to the fund.

20 SEC. 54. Section 24307 of the Education Code is amended to
21 read:

22 24307. (a) A member who qualifies to apply for retirement
23 under Section 24201 or 24203 may make a preretirement election
24 of an option, as provided in Section 24300.1 without right of
25 revocation or change after the *benefit* effective date ~~of retirement~~,
26 except as provided in this part. The preretirement election of an
27 option shall become effective as of the date of the member's
28 signature on a properly executed form prescribed by the system,
29 subject to the following requirements:

30 (1) The form includes the signature of the member's spouse or
31 registered domestic partner, if applicable, *and* the signature is
32 ~~dated, and the date of the signature is within 30 days of the~~
33 ~~member's signature~~ *dated*.

34 (2) The date the form is received at the system's headquarters
35 office is within 30 days ~~of after~~ the date of the member's signature
36 ~~and within 30 days of the date of the spouse or registered domestic~~
37 ~~partner's signature, if applicable, if applicable, the spouse's or~~
38 ~~registered domestic partner's signature.~~

39 (b) A member who makes a preretirement election of an Option
40 2, Option 3, Option 4, Option 5, Option 6, or Option 7 pursuant

1 to Section 24300, or an election as described in paragraph (1), (2),
2 or (3) of Section 24300.1 may subsequently make a preretirement
3 election of the compound option described in paragraph (4) of
4 subdivision (a) of Section 24300.1. The member may retain the
5 same option and the same option beneficiary as named in the prior
6 preretirement election for a designated percentage within the
7 compound option.

8 (c) Upon the member's death prior to the *benefit* effective date
9 ~~of retirement~~, the beneficiary who was designated under the option
10 elected and who survives shall receive an allowance calculated
11 under the option, under the assumption that the member retired
12 for service pursuant to Chapter 27 (commencing with Section
13 24201) on the date of death. The payment of the allowance to the
14 option beneficiary shall be in lieu of the family allowance provided
15 in Section 23804, the payment provided in paragraph (1) of
16 subdivision (a) of Section 23802, the survivor benefit allowance
17 provided in Section 23854, and the payment provided in
18 subdivisions (a) and (b) of Section 23852, except that if the
19 beneficiary dies before all of the member's accumulated retirement
20 contributions are paid, the balance, if any, shall be paid to the estate
21 of the person last receiving or entitled to receive the allowance.
22 The accumulated annuity deposit contributions and the death
23 payment provided in Sections 23801 and 23851 shall be paid to
24 the beneficiary in a lump sum.

25 (d) If the member subsequently retires for service, and the
26 elected option has not been canceled pursuant to Section 24309,
27 a modified service retirement allowance computed under Section
28 24300 or 24300.1 and the option elected shall be paid.

29 (e) The amount of the service retirement allowance prior to
30 applying the option factor shall be calculated as of the earlier of
31 the member's age at death before retirement or age on the last day
32 of the month in which the member requested service retirement
33 be effective. The modification of the service retirement allowance
34 by the option elected shall be based on the ages of the member
35 and the beneficiary designated under the option, as of the date the
36 election was signed.

37 (f) A member who terminates the service retirement allowance
38 pursuant to Section 24208 shall not be eligible to file a
39 preretirement election of an option until one calendar year elapses
40 from the date the allowance is terminated. *If the member retires*

1 again within one calendar year of the termination of their benefit
2 pursuant to Section 24208, the retired member shall keep, upon
3 subsequent retirement, the option and beneficiary or the unmodified
4 election in place upon the date the termination of the benefits
5 became effective.

6 (1) If the member's option beneficiary or beneficiaries
7 predecease the member within one calendar year of the termination
8 of benefits and before the member has retired again, upon
9 notification to the system, the system shall remove the option and
10 beneficiary from that portion of the benefit with modification
11 pursuant to Section 24307.5. The member shall not elect a new
12 option or beneficiary until one calendar year from the termination
13 effective date has elapsed.

14 (2) If a final decree of dissolution of marriage or a judgment
15 of nullity has been entered or an order of separate maintenance
16 has been made within one calendar year of the termination of
17 benefits and the member has not retired again, upon notification
18 to the system, the system shall remove or change the option election
19 in accordance with the court order with modification pursuant to
20 Section 24307.5. Any additional changes shall not be made until
21 one calendar year from the termination effective date has elapsed.

22 (g) The system shall inform members who are qualified to make
23 a preretirement election of an option, through the annual statements
24 of account, that the election of an option can be made.

25 SEC. 55. Section 24308 of the Education Code is amended
26 and renumbered to read:

27 ~~24308.~~

28 24330. (a) The election of an option as provided in Section
29 24307 shall preclude the payment of a family allowance to any
30 beneficiary under this part.

31 (b) The preretirement election of an option made by the member
32 pursuant to Section 24307 shall be voided by the board as of the
33 effective date of an approved disability retirement under this part.
34 Members receiving a disability retirement allowance pursuant to
35 Chapter 26 (commencing with Section 24100) may not file an
36 election of option as provided in Section 24307.

37 (c) The election of an option as provided in Section 24307 shall
38 preclude the payment of a survivor benefit allowance pursuant to
39 Chapter 23 (commencing with Section 23850) and shall preclude

1 the payment of the remaining balance of the member's accumulated
2 retirement contributions prior to the death of the option beneficiary.

3 SEC. 56. Section 24309 of the Education Code is amended to
4 read:

5 24309. (a) A member may change or cancel the election of an
6 option made pursuant to Section 24307. The change or cancellation
7 shall be on a properly executed form provided by the system and
8 received at the system's headquarters office within 30 days ~~of~~ *after*
9 the date of the member's signature and, if applicable, the spouse's
10 signature, and no later than 30 days from the date the member's
11 initial benefit payment for the member's most recent retirement
12 under the Defined Benefit Program is paid by the system. The
13 change or cancellation shall become effective as of the date of the
14 member's signature or the day prior to the member's ~~retirement~~
15 *benefit effective* date, whichever is earlier.

16 (1) Any change to an election of an option shall be made
17 according to Section 24307 and shall be considered a new
18 preretirement election of an option.

19 (2) Regardless of how the member elects to receive his or her
20 retirement allowance, a change made to an election of an option
21 or a cancellation of an option shall result in the reduction of that
22 allowance by an amount determined by the board to be the actuarial
23 equivalent of the coverage the member received as a result of the
24 preretirement election and that does not result in any adverse
25 funding to the plan.

26 (b) If the option beneficiary designated in the preretirement
27 election of an option pursuant to Section 24307 dies prior to the
28 member's retirement, the preretirement election shall be canceled
29 as of the day following the date of death and the member's
30 subsequent retirement allowance under this part shall be subject
31 to the allowance reduction prescribed in this section.

32 (c) If the option elected pursuant to Section 24307 is "Option
33 8" as described in paragraph (7) of subdivision (a) of Section 24300
34 or the compound option as described in paragraph (4) of
35 subdivision (a) of Section 24300.1, a member may cancel the
36 designation of an option beneficiary. If the member cancels the
37 designation of the option beneficiary or the option beneficiary
38 predeceases the member prior to the member's retirement, the
39 member may elect to receive that portion of the retirement
40 allowance without modification for the option or elect one or

1 multiple new or existing option beneficiaries as described in
2 Section 24307. Any change or cancellation of the designation of
3 the option beneficiary under this subdivision shall result in the
4 allowance reduction prescribed in this section.

5 SEC. 57. Section 24311 of the Education Code is amended
6 and renumbered to read:

7 ~~24311.~~

8 24340. (a) A member who has a preretirement election of an
9 option in effect on December 31, 1990, may change his or her
10 preretirement election of Option 2, Option 3, Option 4, or Option
11 5 to either Option 6 or Option 7 without the allowance reduction
12 prescribed in Sections 24309 and 24310, provided the change is
13 made on or after January 1, 1991, and prior to the earlier of January
14 1, 1992, or the member's retirement under this part.

15 (b) If the member elects to change his or her option under this
16 section, then the member shall retain the same option beneficiary
17 as named in the prior preretirement election. The election to change
18 the preretirement election under this section shall be void if not
19 received in the system's headquarters office at least 30 days prior
20 to the death of the option beneficiary.

21 SEC. 58. Section 24312 of the Education Code is amended
22 and renumbered to read:

23 ~~24312.~~

24 24344. (a) A member who has a preretirement election of an
25 option in effect on December 31, 1999, may change his or her
26 preretirement election of Option 2, Option 3, Option 4, Option 5,
27 Option 6, or Option 7 to Option 8 without the allowance reduction
28 prescribed in Sections 24309 and 24310, provided the change is
29 made on or after January 1, 2000, and prior to the earlier of July
30 1, 2000, or the member's *benefit* effective date ~~of retirement~~.

31 (b) If the member elects to change his or her option under this
32 section then the member shall retain the same option and the same
33 option beneficiary as named in the prior preretirement election of
34 an option as one of the options under Option 8. The election to
35 change the preretirement election under this section shall be void
36 if not received in the system's headquarters office at least 30 days
37 prior to the death of the option beneficiary.

38 (c) This section shall become operative on January 1, 2000.

39 SEC. 59. Section 24312.1 of the Education Code is amended
40 and renumbered to read:

1 ~~24312.1.~~

2 24346. (a) A member who has a preretirement election of an
3 option in effect on December 31, 2006, pursuant to paragraphs (1)
4 to (6), inclusive, of subdivision (a) of Section 24300 may change
5 his or her preretirement election to an option described in paragraph
6 (1), (2), or (3) of subdivision (a) of Section 24300.1 without the
7 allowance reduction described in Sections 24309 and 24310,
8 provided the change is made on or after January 1, 2007, and prior
9 to July 1, 2007.

10 (b) A member who has a preretirement election of Option 8 as
11 described in Section 24300 in effect on December 31, 2006, and
12 in that Option 8 election has an option pursuant to paragraphs (1)
13 to (6), inclusive, of subdivision (a) of Section 24300, may change
14 any of the options under paragraphs (1) to (6), inclusive, of
15 subdivision (a) of Section 24300 to an option described in
16 paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1
17 without the allowance reduction described in Sections 24309 and
18 24310, if change is made on or after January 1, 2007, and prior to
19 July 1, 2007. A member may not change the portion of the
20 unmodified benefit that would be modified pursuant to that prior
21 option.

22 (c) The election to change the option by a member as described
23 in this section shall be subject to all of the following:

24 (1) The member may not change the option beneficiary that was
25 designated in the prior preretirement option election.

26 (2) The change in options under this section shall be effective
27 on the date the election is signed, provided that the election is on
28 a properly executed form provided by the system and received at
29 the system's headquarters office within 30 days of the date of the
30 signature.

31 (d) If the member elects to change options as described in this
32 section, the age of the member and the option beneficiary on the
33 effective date of the prior preretirement option election shall be
34 the age used to calculate the member's benefit at the time of
35 retirement.

36 SEC. 60. Section 24313 of the Education Code is amended
37 and renumbered to read:

38 ~~24313.~~

39 24343. (a) Any member who retired for service under Option
40 2 or Option 3 with an effective date prior to January 1, 1991, whose

option beneficiary had died prior to January 1, 1995, shall receive, effective January 1, 1999, the retirement allowance without modification for the option if all of the following conditions are met:

(1) The retired member is living as of January 1, 1999.

(2) The retired member has not elected a new option beneficiary under Section ~~24306~~ 24323.

(3) The retirement allowance without modification for the option payable as of January 1, 1999, is greater than the amount payable under the option, plus the amounts from annual benefit improvements, ad hoc benefit increases and payments from the Supplemental Benefit Maintenance Account.

(4) The retired member does not inform the system in writing, on a form provided by the system, within 30 days of receipt of the notification of the change to the retirement allowance without modification for the option, of his or her election to continue to receive the option allowance.

(b) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, whose option beneficiary had died prior to January 1, 1999, shall receive effective January 1, 1999, the retirement allowance without modification for the option if all the following conditions are met:

(1) The retired member is living as of January 1, 1999.

(2) The retired member has not elected a new option beneficiary under Section ~~24306~~ 24323.

(3) The retirement allowance without modification for the option payable as of January 1, 1999, is greater than the amount payable under the option, plus the amount from annual benefit improvements, ad hoc benefit increases and payments from the Supplemental Benefit Maintenance Account.

(4) The retired member does not inform the system in writing, on a form provided by the system, within 30 days of receipt of the notification of the change to the retirement allowance without modification for the option, of his or her election to continue to receive the option allowance.

(c) The change to the retirement allowance without modification for the option, shall be consistent with Section 22453.

(d) A member retired for service who receives the retirement allowance without modification for the option provided under this

1 section, shall not elect a new option beneficiary under Section
2 ~~24306~~ 24323.

3 (e) The cost of this section shall be paid by the transfer for that
4 purpose of the one-time gain accrued to the State Teachers'
5 Retirement System from the difference between the contributions
6 received pursuant to Sections 22901 and 22950 in the 1997–98
7 fiscal year minus the normal cost as displayed in the June 30, 1997,
8 actuarial valuation.

9 SEC. 61. Section 24348 is added to the Education Code, to
10 read:

11 24348. (a) A member who has a preretirement option pursuant
12 to Section 24307 in effect on June 26, 2013, and designated his or
13 her same-sex spouse as option beneficiary may elect to change his
14 or her option subject to the following:

15 (1) A member who elected the 100 percent beneficiary option
16 or the 50 percent beneficiary option may elect to change his or her
17 option to the 75 percent beneficiary option described in paragraph
18 (2) of subdivision (a) of Section 24300.1 provided the member's
19 same-sex spouse is more than exactly 19 years younger than the
20 member.

21 (2) (A) A member who elected the compound option may elect
22 to change the option designated for his or her same-sex spouse
23 within the compound option to the 100 percent beneficiary option
24 described in paragraph (1) of subdivision (a) of Section 24300.1
25 provided the member's same-sex spouse is more than exactly 10
26 years younger than the member, or the 75 percent beneficiary
27 option described in paragraph (2) of subdivision (a) of Section
28 24300.1 provided the member's same-sex spouse is more than
29 exactly 19 years younger than the member.

30 (B) If a member elects to change the option designated for his
31 or her same-sex spouse within the compound option, the member
32 may also elect to change the option designated to any other option
33 beneficiary or beneficiaries within the compound option to the 100
34 percent beneficiary option, the 75 percent beneficiary option, or
35 the 50 percent beneficiary option described in paragraph (1), (2),
36 or (3) of subdivision (a) of Section 24300.1.

37 (C) If a member elects to change the option designated for his
38 or her same-sex spouse within the compound option, the member
39 may also elect to change the percentage of his or her unmodified
40 allowance designated to the option beneficiary or beneficiaries.

1 The percent of the allowance that is not modified by an option, if
2 any, shall be payable to the member. The sum of all percentages
3 specified for the option beneficiary or beneficiaries and the
4 member's remaining unmodified allowance, if any, shall equal
5 100 percent.

6 (D) Any change made pursuant to this paragraph shall be subject
7 to the requirements and restrictions of the compound option
8 described in paragraph (4) of subdivision (a) of Section 24300.1
9 and shall not be construed to allow a member to cancel his or her
10 compound option.

11 (3) The option change made by the member pursuant to this
12 section is made on or after January 1, 2015, and prior to June 30,
13 2015.

14 (4) The member is in a same-sex marriage recognized by the
15 United States government, any state government, or any foreign
16 government and elected his or her same-sex spouse as his or her
17 option beneficiary prior to June 26, 2013.

18 (5) The member designates the same option beneficiary or
19 beneficiaries that were designated for the prior option elected by
20 the member.

21 (6) The option beneficiary or beneficiaries have not predeceased
22 the member as of the effective date of the option change made by
23 the member pursuant to this section.

24 (b) The option change made by a member pursuant to
25 subdivision (a) shall become effective as of the member's signature
26 date on a properly executed form provided by the system subject
27 to the following requirements:

28 (1) The form includes the signature of the member's same-sex
29 spouse and the signature is dated.

30 (2) The date the form is received at the system's headquarters
31 office is within 30 calendar days after the date of the member's
32 signature and within 30 calendar days after the date of the same-sex
33 spouse's signature.

34 (3) The date of the member's signature and the date of the
35 same-sex spouse's signature are on or after January 1, 2015, and
36 prior to June 30, 2015.

37 (c) A preretirement option change made pursuant to this section
38 will not result in the allowance reduction described in Sections
39 24309 and 24310.

(d) If a member elects to change options pursuant to this section, the age of the member and the option beneficiary or beneficiaries on the effective date of the prior preretirement option election shall be the age used to calculate the member's benefit at the time of retirement.

SEC. 62. Section 24402 of the Education Code is amended to read:

24402. (a) Service retirement allowances, disability allowances, disability retirement allowances, family allowances, and survivor benefit allowances payable pursuant to this part shall be increased by application of the benefit improvement factor.

(b) Allowances payable to beneficiaries on account of options elected under Section 24300, 24300.1, ~~24301, or 24307~~ 24307, or 24332 shall be increased by application of the improvement factor. This factor shall be applicable on the same date when it would have been applied to the allowance of the deceased person.

(c) The benefit improvement factor shall not be applied to an annuity that is the actuarial equivalent of the accumulated annuity deposit contributions standing to the credit of the member's account on the effective date of a service or disability retirement.

SEC. 63. Section 24412 of the Education Code is amended to read:

24412. (a) The annual revenues deposited to the Teachers' Retirement Fund pursuant to Section 6217.5 of the Public Resources Code are continuously appropriated without regard to fiscal year for the purposes of this section and shall be distributed annually in quarterly supplemental payments commencing on September 1 of each year to retired members, disabled members, and beneficiaries under the Defined Benefit Program. The amount available for distribution in any year shall be the income for that year from the sale or use of school lands and lieu lands, as estimated by the State Lands Commission prior to the beginning of the fiscal year, adjusted by the difference between the estimated and actual income for the preceding fiscal year. The board shall deduct from the revenues an amount necessary for administrative expenses to implement this section.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, whose allowances under the Defined Benefit Program, after applying the annual

1 improvement factor as defined in Section 22140, if any, are below
2 80 percent of the ~~original~~ purchasing power *of the base allowance*.
3 The purchasing power calculation for each individual allowance
4 shall be based on the change in the All Urban California Consumer
5 Price Index between June of the calendar year of retirement and
6 June of the fiscal year preceding the fiscal year of the distribution.
7 The allocation shall provide a pro rata share of the amount needed
8 to restore the allowance payable, after application of the current
9 year annual improvement factor to 80 percent of the ~~original~~
10 purchasing power *of the base allowance*.

11 (c) The allowance increase shall not be applicable to annuities
12 payable from the accumulated annuity deposit contributions or the
13 accumulated tax-sheltered annuity contributions.

14 (d) In any year that the net revenues from school lands and lieu
15 lands is greater than that needed to adjust the allowances of all
16 retired members, disabled members, and beneficiaries, as defined
17 in subdivision (a) of Section 22107, under the Defined Benefit
18 Program to 80 percent of the ~~original~~ purchasing power *of the base*
19 *allowance*, the net revenues in excess of that needed for distribution
20 shall be used by the board to reduce the unfunded actuarial
21 obligation of the fund, if any.

22 (e) The board shall inform each recipient of supplemental
23 payments under this section that the increases are not cumulative
24 and are not part of the base allowance.

25 SEC. 64. Section 24415 of the Education Code is amended to
26 read:

27 24415. (a) The proceeds of the Supplemental Benefit
28 Maintenance Account shall be distributed annually in quarterly
29 supplemental payments commencing on September 1, 1990, to
30 retired members, disabled members, and beneficiaries, as defined
31 in subdivision (a) of Section 22107. The amount available for
32 distribution in any fiscal year shall not exceed the amount necessary
33 to restore purchasing power up to 85 percent of the purchasing
34 power of the ~~initial monthly~~ *base* allowance, after the application
35 of all allowance increases authorized by this part, including those
36 specified in Section 24412, and excluding those provided pursuant
37 to Sections 24410.5, 24410.6, and 24410.7.

38 (b) The net revenues to be distributed shall be allocated among
39 those retired members, disabled members, and beneficiaries, as
40 defined in subdivision (a) of Section 22107, whose allowances,

1 after sequentially applying the annual improvement factor as
2 defined in Sections 22140 and 22141, and the annual supplemental
3 payment as specified in Section 24412, have the lowest purchasing
4 power percentage. The purchasing power calculation for each
5 individual shall be based on the change in the All Urban California
6 Consumer Price Index between June of the calendar year of
7 retirement and June of the fiscal year preceding the fiscal year of
8 distribution. In any year in which the purchasing power of the
9 allowances of all retired members, disabled members, and
10 beneficiaries, as defined in subdivision (a) of Section 22107, equals
11 not less than 85 percent and additional funds remain from the
12 allocation authorized by this section, those funds shall remain in
13 the Supplemental Benefit Maintenance Account for allocation in
14 future years.

15 (c) The allowance increase shall not be applicable to annuities
16 payable from the accumulated annuity deposit contributions or the
17 accumulated tax-sheltered annuity contributions.

18 (d) The increases provided by subdivision (b) are not cumulative,
19 not part of the base allowance, and will be payable only to the
20 extent that funds are available from the Supplemental Benefit
21 Maintenance Account. The board shall inform each recipient of
22 the contents of this subdivision.

23 (e) The adjustments authorized by this section are vested only
24 up to the amount payable as a result of the annual appropriation
25 made pursuant to Section 22954 and the adjustments made by the
26 board pursuant to Section 24415.5. The adjustments authorized
27 by this section shall not be included in the base allowance for
28 purposes of calculating the annual improvement defined by
29 Sections 22140 and 22141.

30 (f) Notwithstanding subdivision (b), for purposes of restoring
31 the purchasing power of benefits provided pursuant to Section
32 24410.5 for members and beneficiaries receiving benefits pursuant
33 to subdivision (b), the purchasing power calculation shall be based
34 on 85 percent of the change in the All Urban California Consumer
35 Price Index between January 2000 and June of the fiscal year
36 preceding the fiscal year of distribution, after the application of
37 increases authorized by Section 24412 that are made to the
38 allowances provided pursuant to Section 24410.5.

39 (g) Notwithstanding subdivision (b), for purposes of restoring
40 the purchasing power of benefits provided pursuant to Sections

1 24410.6 and 24410.7 for members and beneficiaries receiving
2 benefits pursuant to subdivision (b), the purchasing power
3 calculation shall be based on 85 percent of the change in the All
4 Urban California Consumer Price Index between January 2001
5 and June of the fiscal year preceding the fiscal year of distribution,
6 after the application of increases authorized by Section 24412 that
7 are made to the allowances provided pursuant to Sections 24410.6
8 and 24410.7.

9 SEC. 65. Section 24600 of the Education Code is amended to
10 read:

11 24600. (a) A retirement allowance under this part begins to
12 accrue on the effective date of the member's retirement and ceases
13 on the earlier of the day of the member's death or the day on which
14 the retirement allowance is terminated for a reason other than the
15 member's death.

16 (b) A retirement allowance payable to an option beneficiary
17 under this part begins to accrue on the day following the day of
18 the retired member's death and ceases on the day of the option
19 beneficiary's death.

20 (c) A disability allowance under this part begins to accrue on
21 the effective date of the member's disability allowance and ceases
22 on the earlier of the day of the member's death or the day on which
23 the disability allowance is terminated for a reason other than the
24 member's death.

25 (d) A family allowance under this part begins to accrue on the
26 day following the day of the member's death and ceases on the
27 day of the event that terminates eligibility for the allowance.

28 (e) A survivor benefit allowance payable to a surviving spouse
29 under this part pursuant to Chapter 23 (commencing with Section
30 23850) begins to accrue on the day the member would have
31 attained normal retirement age or on the day following the day of
32 the member's death, as elected by the surviving spouse, and ceases
33 on the day of the surviving spouse's death.

34 (f) (1) Except as provided in paragraph (2), a child's portion
35 of an allowance under this part begins to accrue on the effective
36 date of that allowance and ceases on the earlier of either the
37 termination of the child's eligibility or the termination of the
38 allowance.

1 (2) A child's portion of a disability retirement allowance under
2 Chapter 26 (commencing with Section 24100) ceases on the earlier
3 of either:

4 (A) The termination date of the child's eligibility.

5 (B) The termination of the allowance for reasons other than
6 death.

7 (g) Supplemental payments issued under this part pursuant to
8 Sections 24412 and 24415 to retired members, disabled members,
9 and beneficiaries shall begin to accrue pursuant to Sections 24412
10 and 24415 and shall cease to accrue as of the termination dates
11 specified in subdivisions (a) to (f), inclusive, of this section.

12 (h) Notwithstanding any other provision of this part or other
13 law, distributions payable under the plan with respect to the
14 Defined Benefit Program and the Defined Benefit Supplement
15 Program shall be made in accordance with applicable provisions
16 of the Internal Revenue Code of 1986 and related regulations. The
17 required beginning date of benefit payments that represent the
18 entire interest of the member in the plan with respect to the Defined
19 Benefit Program and the Defined Benefit Supplement Program
20 shall be either:

21 (1) In the case of a refund of contributions, as described in
22 Chapter 18 (commencing with Section 23100) of this part and
23 distribution of an amount equal to the balance of credits in a
24 member's Defined Benefit Supplement account, as described in
25 Chapter 38 (commencing with Section 25000) of this part, not
26 later than April 1 of the calendar year following the later of (A)
27 the calendar year in which the member attains the age at which
28 the Internal Revenue Code of 1986 requires a distribution of
29 benefits or (B) the calendar year in which the member terminates
30 employment within the meaning of subdivision (i).

31 (2) In the case of a retirement allowance, as defined in Section
32 22166, not later than April 1 of the calendar year following the
33 later of (A) the calendar year in which the member attains the age
34 at which the Internal Revenue Code of 1986 requires a distribution
35 of benefits or (B) the calendar year in which the member terminates
36 employment within the meaning of subdivision (i), to continue
37 over the life of the member or the lives of the member and the
38 member's option beneficiary, or over the life expectancy of the
39 member or the life expectancy of the member and the member's
40 option beneficiary.

1 (i) For purposes of subdivision (h), the phrase “terminates
2 employment” means the later of:

3 (1) The date the member ceases to perform creditable service
4 subject to coverage under this plan.

5 (2) The date the member ceases employment in a position
6 subject to coverage under another public retirement system in this
7 state if the compensation earnable while a member of the other
8 system may be considered in the determination of final
9 compensation pursuant to Section ~~22134, 22135, or 22136~~ 22134
10 or 22134.5.

11 SEC. 66. Section 25015 of the Education Code is amended to
12 read:

13 25015. (a) If a member elects to receive a benefit payable
14 under the Defined Benefit Supplement Program as a joint and
15 survivor annuity, the designation of the beneficiary made pursuant
16 to Section 24300 or 24300.1 shall apply to the benefit payable
17 under this chapter. The annuity beneficiary designation shall not
18 be changed after the date the benefit becomes payable to the
19 member, except as provided in Section ~~24305.3~~, 24324, 25011,
20 25011.1, 25018, or 25018.1, or Chapter 12 (commencing with
21 Section 22650).

22 (b) If the member designates one or multiple option beneficiaries
23 within Option 8 pursuant to Section 24300 or *the compound option*
24 *described in paragraph (4) of subdivision (a) of Section 24300.1*,
25 the percentage of the unmodified allowance attributable to each
26 option beneficiary specified in that designation shall apply to the
27 joint and survivor annuity payable under this chapter. The member
28 shall elect one joint and survivor annuity type and this annuity
29 type shall be applied the same for each beneficiary and each
30 designated percentage of the member only annuity. If any
31 percentage of the allowance was designated to remain unmodified,
32 the member only annuity shall apply for the corresponding
33 percentage of the annuity provided under this chapter. The annuity
34 amount payable to the member during his or her lifetime shall be
35 modified to be payable over the combined lives of the member
36 and the annuity beneficiary or beneficiaries.

37 (c) If the member predeceases an annuity beneficiary, the
38 annuity beneficiary may designate, on a properly executed form
39 provided by the system, a payee to receive an amount that may be

1 payable in a lump sum pursuant to Section 25023 upon the death
2 of the annuity beneficiary.

3 SEC. 67. Section 26113 of the Education Code is amended to
4 read:

5 26113. (a) “Creditable service” means any of the following
6 activities performed for an employer in a position requiring a
7 credential, certificate, or permit pursuant to this code or under the
8 appropriate minimum standards adopted by the Board of Governors
9 of the California Community Colleges or under the provisions of
10 an approved charter for the operation of a charter school for which
11 the ~~employer~~ *charter school* is eligible to receive state
12 apportionment or pursuant to a contract between a community
13 college district and the United States Department of Defense to
14 provide vocational training:

15 (1) The work of teachers, instructors, district interns and
16 academic employees employed in the instructional program for
17 pupils, including special programs such as adult education, regional
18 occupational programs, child care centers, and prekindergarten
19 programs pursuant to Section 22161.

20 (2) Education or vocational counseling, guidance, and placement
21 services.

22 (3) The work of directors, coordinators, and assistant
23 administrators who plan courses of study to be used in California
24 public schools, or research connected with the evaluation or
25 efficiency of the instructional program.

26 (4) The selection, collection, preparation, classification,
27 demonstration, or evaluation of instructional materials of any
28 course of study for use in the development of the instructional
29 program in California public schools, or other services related to
30 school curriculum.

31 (5) The examination, selection, in-service training, or assignment
32 of teachers, principals or other similar personnel involved in the
33 instructional program.

34 (6) School activities related to, and an outgrowth of, the
35 instructional and guidance program of the school when performed
36 in addition to other activities described in this section.

37 (7) The work of nurses, physicians, speech therapists,
38 psychologists, audiometrists, audiologists, and other school health
39 professionals.

40 (8) Services as a school librarian.

1 (9) The work of county and district superintendents and other
2 employees who are responsible for the supervision of persons or
3 administration of the duties described in this section.

4 (10) Trustee service as described in Section 26403.

5 (b) “Creditable service” also means the work of superintendents
6 of California public schools.

7 (c) The board shall have final authority for determining
8 creditable service to cover activities not already specified.

9 SEC. 68. Section 26803 of the Education Code is amended to
10 read:

11 26803. (a) All creditable service subject to coverage by the
12 Cash Balance Benefit Program and all service with the participant’s
13 last employer or employers that is creditable under the Defined
14 Benefit Program shall be terminated prior to the retirement date.

15 (b) All employers with which the participant is employed to
16 perform creditable service subject to coverage by the plan shall
17 certify on a form prescribed by the system that the participant’s
18 employment has been terminated *unless the employment was*
19 *terminated 12 months or more prior to the member’s retirement*
20 *date.*

21 SEC. 69. Section 27201 of the Education Code is amended to
22 read:

23 27201. (a) All creditable service subject to coverage by the
24 Cash Balance Benefit Program and all service with the participants’
25 last employer or employers that is creditable service under the
26 Defined Benefit Program shall terminate prior to application for
27 a termination benefit under this part.

28 (b) All employers with which the participant is employed to
29 perform creditable service subject to coverage by the plan shall
30 certify on a form prescribed by the system that the participant’s
31 employment has been terminated *unless the employment was*
32 *terminated 12 months or more prior to the date the member signed*
33 *the termination application.*

34 SEC. 70. Section 33050 of the Education Code is amended to
35 read:

36 33050. (a) The governing board of a school district or a county
37 board of education, on a districtwide or countywide basis or on
38 behalf of one or more of its schools or programs, after a public
39 hearing on the matter, may request the State Board of Education
40 to waive all or part of any section of this code or any regulation

- 1 adopted by the State Board of Education that implements a
2 provision of this code that may be waived, except:
- 3 (1) Article 1 (commencing with Section 15700) and Article 2
4 (commencing with Section 15780) of Chapter 4 of Part 10.
- 5 (2) Chapter 6 (commencing with Section 16000) of Part 10.
- 6 (3) Chapter 12 (commencing with Section 17000), Chapter 12.5
7 (commencing with Section 17070.10), and Chapter 14
8 (commencing with Section 17085) of Part 10.
- 9 (4) Part 13 (commencing with Section 22000), *Part 13.5*
10 (*commencing with Section 25900*), and *Part 14 (commencing with*
11 *Section 26000)*.
- 12 (5) Section 35735.1.
- 13 (6) Paragraph (8) of subdivision (a) of Section 37220.
- 14 (7) The following provisions of Part 10.5 (commencing with
15 Section 17211):
- 16 (A) Chapter 1 (commencing with Section 17211).
- 17 (B) Article 1 (commencing with Section 17251) to Article 6
18 (commencing with Section 17365), inclusive, of Chapter 3.
- 19 (C) Sections 17416 to 17429, inclusive; Sections 17459 and
20 17462 and subdivision (a) of Section 17464; and Sections 17582
21 to 17592, inclusive.
- 22 (8) The following provisions of Part 24 (commencing with
23 Section 41000):
- 24 (A) Sections 41000 to 41360, inclusive.
- 25 (B) Sections 41420 to 41423, inclusive.
- 26 (C) Sections 41600 to 41866, inclusive.
- 27 (D) Sections 41920 to 42911, inclusive.
- 28 (9) Sections 44504 and 44505.
- 29 (10) Article 3 (commencing with Section 44930) of Chapter 4
30 of Part 25 and regulations in Title 5 of the California Code of
31 Regulations adopted pursuant to Article 3 (commencing with
32 Section 44930) of Chapter 4 of Part 25.
- 33 (11) Part 26 (commencing with Section 46000).
- 34 (12) Chapter 6 (commencing with Section 48900) and Chapter
35 6.5 (commencing with Section 49060) of Part 27.
- 36 (13) Section 51513.
- 37 (14) Chapter 6.10 (commencing with Section 52120) of Part
38 28, relating to class size reduction.
- 39 (15) Section 52163.

1 (16) The identification and assessment criteria relating to any
2 categorical aid program, including Sections 52164.1 and 52164.6.

3 (17) Sections 52165, 52166, and 52178.

4 (18) Article 3 (commencing with Section 52850) of Chapter 12
5 of Part 28.

6 (19) Section 56364.1, except that this restriction shall not
7 prohibit the State Board of Education from approving any waiver
8 of Section 56364 or Section 56364.2, as applicable, relating to full
9 inclusion.

10 (20) Article 4 (commencing with Section 60640) of Chapter 5
11 of Part 33, relating to the STAR Program, and any other provisions
12 of Chapter 5 (commencing with Section 60600) of Part 33 that
13 establish requirements for the STAR Program.

14 (b) Any waiver of provisions related to the programs identified
15 in Section 52851 shall be granted only pursuant to Article 3
16 (commencing with Section 52850) of Chapter 12 of Part 28.

17 (c) The waiver of an advisory committee required by law shall
18 be granted only pursuant to Article 4 (commencing with Section
19 52870) of Chapter 12 of Part 28.

20 (d) Any request for a waiver submitted by the governing board
21 of a school district or a county board of education pursuant to
22 subdivision (a) shall include a written statement as to both of the
23 following:

24 (1) Whether the exclusive representative of employees, if any,
25 as provided in Chapter 10.7 (commencing with Section 3540) of
26 Division 4 of Title 1 of the Government Code, participated in the
27 development of the waiver.

28 (2) The exclusive representative's position regarding the waiver.

29 (e) Any request for a waiver submitted pursuant to subdivision
30 (a) relating to a regional occupational center or program established
31 pursuant to Article 1 (commencing with Section 52300) of Chapter
32 9 of Part 28, that is operated by a joint powers entity established
33 pursuant to Chapter 5 (commencing with Section 6500) of Division
34 7 of Title 1 of the Government Code, shall be submitted as a joint
35 waiver request for each participating school district and shall meet
36 both of the following conditions:

37 (1) Each joint waiver request shall comply with all of the
38 requirements of this article.

1 (2) The submission of a joint waiver request shall be approved
2 by a unanimous vote of the governing board of the joint powers
3 agency.

4 (f) The governing board of any school district requesting a
5 waiver under this section of any provision of Article 5
6 (commencing with Section 39390) of Chapter 3 of Part 23 shall
7 provide written notice of any public hearing it conducted pursuant
8 to subdivision (a), at least 30 days prior to the hearing, to each
9 public agency identified under Section 39394.

10 SEC. 71. Section 1 of Chapter 559 of the Statutes of 2013 is
11 amended to read:

12 Section 1. The Legislature finds and declares that this act, as
13 it applies to the State Teachers' Retirement Plan, clarifies the
14 California Public Employees' Pension Reform Act of 2013, is
15 declaratory of existing law, and is intended to apply concurrently
16 with the initial operation of that act. The amendments made by
17 this act, excluding those amendments made in Sections 4, 12, 28,
18 29, 30, and 36, shall be deemed to be operative January 1, 2013,
19 unless otherwise stated.

20 SEC. 72. Any section of any other act enacted by the
21 Legislature during the 2014 calendar year that takes effect on or
22 before January 1, 2015, and that amends, amends and renumbers,
23 adds, repeals and adds, or repeals a section that is amended,
24 amended and renumbered, added, repealed and added, or repealed
25 by this act, shall prevail over this act, whether that act is enacted
26 prior to or subsequent to the enactment of this act. The repeal, or
27 repeal and addition, of any article, chapter, part, title, or division
28 of any code by this act shall not become operative if any section
29 of any other act that is enacted by the Legislature during the 2014
30 calendar year and takes effect on or before January 1, 2015,
31 amends, amends and renumbers, adds, repeals and adds, or repeals
32 any section contained in that article, chapter, part, title, or division.